Daily Report

Latin America

FBIS-LAT-93-145
Friday
30 July 1993

Daily Report
Latin America

FBIS-LAT-93-145 *30 July 1993*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

CARIBBEAN

Cuba

Castro Interview at Retinitis Center *[Havana Radio]* 1
Castro Meets With Visiting Argentine Official *[Havana Radio]* 4
Bundestag Vice President Arrives in Havana *[Hamburg DPA]* 4
Meets With Robaina *[Havana TV]* 4
Meets With Alarcon, Crombet *[Havana TV]* 4
Residents Say Law Legalizing Dollars Needed *[AFP]* 4
GRANMA Cautions on Foreign Currency Purchases *[Havana Radio]* 5
Havana Comments on UN Role in Somalia *[Havana Radio]* 5
Cuba, Turkey Sign Civil Air Agreement *[Havana Radio]* 6
* Youth Activities During Special Period Discussed *[JUVENTUD REBELDE 11 Jul]* 6

Haiti

Brutus Opposes Multinational Mission In Haiti *[Port-au-Prince Radio]* 6
Malval Still Awaits Parliamentary Ratification *[Port-au-Prince Radio]* 7
PLANOP Supports Malval *[Port-au-Prince Radio]* 7
Constitutionalist Bloc Ready To Hold Elections *[Port-au-Prince Radio]* 7
Senator's Home Attacked 27 Jul *[Port-au-Prince Radio]* 8

Trinidad and Tobago

EEC Awards Infrastructure Grant Under Lome III, IV *[CANA]* 8

CENTRAL AMERICA

Costa Rica

Labor Minister Gives Figures on Strike Participation *[San Jose Radio]* 9

El Salvador

Cristiani Says Army Patrols Curbing Crime *[San Salvador Radio]* 9
Legislative Assembly Authorizes Entry of U.S. Troops *[San Salvador TV]* 10
Defense Minister Comments *[EL DIARIO DE HOY 26 Jul]* 10
TSE Initiates Voter Registration Campaign *[San Salvador Radio]* 10

Guatemala

Army General Says U.S. Aid Welcome If Unconditional *[PRENSA LIBRE 28 Jul]* 11

Honduras

Soldiers Deployed to Borders With El Salvador, Nicaragua *[EL HERALDO 28 Jul]* 11

Nicaragua

Chamorro Reacts to U.S. Senate Decision on Aid *[Managua Radio]* 11
Minister Leal Comments *[Managua Radio]* 13

Other Reactions Noted *[BARRICADA 29 Jul]* 13
Chamorro Views Amnesty, Gen Ortega's Remarks *[Managua Radio]* 14
Cardinal Says H. Ortega Will Determine Chamorro's Term *[EL NUEVO DIARIO 29 Jul]* 15
Rebel Leaders Begin Talks With Special Disarmament Brigade *[BARRICADA 28 Jul]* 15

Panama

Union Leaders Claim U.S. Payment to CSS Missing *[EL SIGLO 27 Jul]* 16
Government Discharges Deputy Consul in Barcelona *[Panama City TV]* 16
Colombian Rebels Kidnap Border Community Residents *[Panama City TV]* 17

SOUTH AMERICA

Argentina

Minister Conditions Participation in UN Forces *[NOTICIAS ARGENTINAS]* 18
Foreign Minister, Romania's Melescanu Discuss Economic Ties *[Bucharest ROMPRES]* 18
Sign Bilateral Agreements *[Buenos Aires Radio]* 18

Bolivia

Argentina's Cavallo Endorses Next President's Economic Plan *[La Paz TV]* 18

Brazil

Economic Mission Report to IMF Shows 'Deterioration' *[FOLHA DE SAO PAULO 27 Jul]* 19
* Sectors Mobilize To Influence Constitutional Revision *[VISAO 23 Jun]* 19
* Increase in GDP of 3.5 Percent Projected in 1993 *[GAZETA MERCANTIL 29 Jun]* 23
* Members of Franco's Inner Circle Profiled *[MANCHETE 3 Jul]* 24

Chile

Tariff Agreement Ends Commercial Controversy With Argentina *[Madrid EFE]* 26

Colombia

* 1994 Budget To Exceed 1993 Figure by 21 Percent *[EL ESPECTADOR 10 Jul]* 27

Paraguay

Outcome of Experts Meeting on Pilcomayo River Viewed *[HOY 29 Jul]* 27

Peru

U.S. Embassy Attackers Reportedly Among 300 Arrested *[Lima TV]* 28
Fujimori Independence Day Speech *[Lima Radio and TV]* 28
Congress President Yoshiyama Welcomes Bolivian President *[Lima Radio]* 39

Uruguay

'Text' of Uruguayan-Costa Rican Declaration *[LA MANANA 20 Jul]* 39
Romanian President Arrives, Met by Lacalle, Officials *[Montevideo Radio]* 41

Venezuela

Caracas TV Reports Bomb Hurled at U.S. Embassy 41
* Senate Approves Umbrella Law With Changes *[EL NACIONAL 1 Jul]* 41
* Official Explains Corruption Cases to Congress *[EL UNIVERSAL 23 Jun]* 42
* Viasa Executive on Financial Status, Plans *[EL UNIVERSAL 22 Jun]* 43
* Sercobe Grants $450 Million to Small Businesses *[EL UNIVERSAL 24 Jun]* 45
* Foreign Investment Down 67 Percent in 1st Half *[EL NACIONAL 3 Jul]* 45

Cuba

Castro Interview at Retinitis Center

FL2907232093 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jul 93

[Interview with Commander in Chief Fidel Castro by Carlos Sanabria Martero and unidentified reporters at the conclusion of the ceremony marking the inauguration of a Retinitis Pigmentosa Center in Santiago de Cuba Province on 27 July—recorded]

[Text] [Sanabria] Commander, as always you are happy when you are in Santiago. Is that right?

[Castro] As always. And as always, I leave even happier.

[Sanabria] You say that every time you come to Santiago you become energized.

[Castro] Yes, because it seems that Santiago has it all: pure oxygen, ozone. [crowd laughs]

[Sanabria] Everything.

[Castro] One's spirit becomes revitalized here in Santiago.

[Sanabria] I believe that after having you here on this 40th anniversary, the people of Santiago will be the first to support the measures that you have conveyed to save the Revolution and preserve the conquests of socialism.

[Castro] The group of measures we must take to continue facing more difficult things. This does not mean that the problems will be solved tomorrow. It is to work on the conditions that need to be worked on, now. They should give us some results, but they are a series of things that will take some time to implement. It is important that everyone understands this does not mean that tomorrow everything will be solved. It would be a mistake and it would be dishonest to tell the people the problems will be solved soon, despite all the measures we implement. These measures will help us; they will help us organize and regulate. What is required is special spirit and political education to be able to accomplish all these things. It is required that everyone be conscientious and understand the things that are being done because of a need, not because it is what we want to do or because we like it.

[Reporter] [words indistinct] the manner in which you discuss the subject of retinitis pigmentosa.

[Castro] We are working on that and Orfilio [Dr. Orfilio Pelaez] is organizing a scientific conference to teach the technology. We are simply going to pass the technology on to all the countries in the world. It is true we have health tourism and many people come to Cuba for treatment, but we do not have the facilities to treat everyone here in Cuba. There are many who do not have the resources to travel to Cuba. There are millions of people who do not have the resources to travel to Cuba and have an operation. There are some who do have the resources. But we have the duty to think of those millions of people who could save their eyesight thanks to the efforts of an eminent professor and the efforts of the whole country.

The credit belongs to Orfilio because for many years he worked on this until his results were made public. There were many skeptics, as in all things. There were skeptics who did not believe in the possibilities. Marvelous things are being written about Orfilio. If Orfilio is ever nominated for sainthood, he will be anointed as a saint. I believe mankind must acknowledge what Orfilio has done. And he is going to pass on the technology. We have agreed on that. As a moral duty to mankind.

[Sanabria] Not all the countries in the world do that.

[Castro] Because there are millions of people in danger of losing their eyesight because they do not have the solution, and we have the solution in our hands. We cannot keep it to ourselves as a monopoly. The truth is that this will not harm us economically. Because as I have already said, there are millions of people who cannot come to Cuba to receive treatment. Cuba will always be the center of reference as the first and most experienced. They will have great confidence in Cuba.

We already have forty people working on this. Over the years, Orfilio has trained 40 people in the surgery technique, combined with other treatments. The sooner this is discovered, the better. They are already researching almost at a prenatal stage with pregnant women. Because, following up on each case they know the family... [rephrases] they can know what family has the potential for suffering the disease. That way, instead of treating people with the disease, you can begin treating those who have the genes that cause the disease, which will appear sooner or later. Do you know the anguish these people live with. That is why we have reached our decision.

[Sanabria] Commander, that is a very unselfish act towards the rest of the world by the Cuban people.

[Castro] It is a noble act and our duty.

[Sanabria] This is in spite of the difficult conditions that we are going through. Other countries might have marketed the treatment.

[Castro] Well, some will commercialize the treatment, and who knows the things they think up. They are experts at it. We are not. We are not very good at commercializing it. We do it for the sake of the people who cannot pay for it. There may be those who will make money from this, maybe some specialist in some center, and there may be businesses. It is impossible to prevent, but we too have benefited from technologies that have been discovered in other countries. There are so many discoveries in medicine. We have a monopoly, a complete and absolute monopoly on this treatment.

[Reporter] Will more centers like this one be built?

[Castro] He has been opening them in every province. In every province there is a well-equipped retinitis pigmentosa center. All this has been done in about two years. In about three years, approximately 40 ophthalmologists were trained. They have to be surgeons and understand the technique.

[Reporter] [words indistinct]

[Castro] It depends. Let us suppose there is a greater demand from abroad. We have a hospital in Havana that treats foreigners. We have a hospital that treats Cubans in the Salvador Allende Institute. We already have services in Granma, Santiago, Holguin, Las Tunas, and Camaguey. Just about in every province—except Guantanamo. They are already researching the incidence variables.

They were showing me on a map of Santiago de Cuba that there is a zone were the incidence has been 1.5. This is measured as 1 for every 5,000 inhabitants, or something like that. There is another area where the incidence is twice that much. On what does that depend, since it is genetic?

It could be due to genetic crossing, or consanguinity. They are researching Guantanamo. There are some regions with more consanguinity because families have lived and mixed there for centuries. As they mix, they make these genetic diseases more possible. They increase the possibilities of suffering from these diseases because they receive the gene from their mother and from their father. When there is a mixing or consanguinity, the chances are greater because the disease is hereditary. Since it is hereditary, you can do research and know who might suffer the disease. Even people who do not have symptoms are checked and followed up because they have the gene. In other words, as Orfilio said, they have the disease but are asymptomatic because they do not have symptoms.

Where is Orfilio? [unidentified person says: Right here.] Come over here. How are the asymptomatic people?

[Pelaez] They feel normal, or in other words, they do not have the symptoms, as you said. They also have no problems with their eyesight.

[Castro] Until when?

[Pelaez] Until his clinical condition shows him as a carrier of the disease.

[Castro] Sooner or later the disease appears.

[Pelaez] Sooner or later the disease appears.

[Castro] And how do you know who already has the disease?

[Pelaez] You already know when you complete the diagnosis with an electroretinogram [ERG].

[Castro] By examining the eye.

[Pelaez] No. It is an electro-ocular physiology test that shows either subnormal or not.

[Castro] Can you determine this by analyzing the cells?

[Pelaez] No, first is the ERG. Now that that has been brought up, we should say that Cuba has developed....

[Castro, interrupting] Does a person have to have two genes to get the disease or is one gene enough?

[Pelaez] No, both genes.

[Castro] It has to be these genes. Are they recessive?

[Pelaez] Yes. They could be recessive, autosomal, dominant in all the generations, and the Mix X....

[Castro interrupting] ... it possible for a person with only one gene to get the disease?

[Pelaez] That is also possible. The disease could be present in five generations.

[Castro] What do you mean?

[Pelaez] In other words, the gene is dominant when it is present in more than three generations—the grandfather, the father, a daughter, a nephew, and the grandchild have it. That is dominant. Recessive is when out of seven brothers, five have it. The Mix X, which is very interesting and which can be controlled through genetic counseling and adequate education and prevention, is the one that is transmitted by women and affects men.

[Castro] Is it advisable for couples whose children could have these problems not to marry?

[Pelaez] Yes, we talk about this during counseling, where these people are counseled to avoid that situation.

[Castro] You cannot prevent a marriage, but you can recommend that they avoid those situations.

[Pelaez] Yes, they are given that advice and counsel. We have this at all levels nationwide, even at the municipal level, through the development plan of the genetics program.

[Castro] How many of these centers are there, offering services here?

[Pelaez] Including Havana's center, there are seven.

[Castro] Seven?

[Pelaez] Seven.

[Castro] People from western provinces are treated in Havana?

[Pelaez] Pinar de Rio already has its own center. Havana takes care of Havana Province and Havana City Province, as well as anyone who wishes to be treated there.

[Reporter] The center in Matanzas is being set up now.

[Castro] How long did it take to establish these centers?

[Pelaez] They began between 1990 and 1991.

[Castro] That is already in the special period.

[Pelaez] Right, in the special period.

[Castro] How long did it take to train the 40 specialists?

[Pelaez] Three years.

[Castro] They are already in every province?

[Pelaez] Yes, in every province. We are still training them because we rotate them. Sometimes they come to work with me; at other times, I go to the provinces and hold meetings with all the personnel and out operations.

[Castro] Orfilio has moved around. He has organized each center, and has visited the centers many times.

[Sanabria] Santiago de Cuba has seen his dedication. We are witnesses to that.

[Reporter] I would like to return to the difficult situation we are going through. What reactions to the new measures do you foresee? What measures are you planning on an internal plane, because there are debates on the streets and I think these people are waiting....

[Castro, interrupting] I do not want to get ahead of myself because many people are thinking, suggesting, doing things, and opinions differ. I did not want to get ahead of myself because when you do that you create expectation. But I want to say that we must do things without dogmatism and without madness. There should be no dogmas in any measure that could contribute to accomplishing the objectives we are pursuing. That is why I do not want to get ahead of myself because we are elaborating.

[Reporter] How are we going to accomplish keeping this a socialist society with that package of measures that correspond in some degree to a market economy?

[Castro] These are concessions that we need to make to save the Revolution. Lenin also wanted to develop capitalism under [words indistinct] The idea was to develop capitalism before socialism, which is not our case.

[Reporter] We already have that experience.

[Castro] Such an abrupt reduction in raw materials makes the task of socialist conditions much more difficult. All this that we are doing is a matter of concessions that we must make. It is not that we like them and that we prefer to make them. But we know capitalism very well, inside and out, and it is most selfish and inhumane, and in its neoliberal manifestation, it is merciless. That was demonstrated during the forum [Fourth Sao Paulo Forum]. But if you could have heard, the condemnation of neoliberalism was unanimous.

If they do not speak against socialism. it is because there is nothing to say. [words indistinct] we are living socialism and we have to struggle not to withdraw. We should have the ability to adapt to these conditions, sacrifice what we may need to sacrifice, and save what we must save, to preserve our possibilities of advancing in the future.

But at least, what are all these schools and programs? We were doing in this country what has not been done in any other country. No other country would do what we have done in this social order. We only accomplished what we did by supporting ourselves on something as solid as the USSR, which seemed to be unshakable. Once all that failed. a building resting on two pillars, and one pillar which is the strongest one, collapses, and the weaker of the two remains. Naturally, theoretic questions will arise: How can it be possible....

[Sanabria, interrupting] Commander, and some speculations as well....

[Castro, interrupting] What?

[Sanabria] Speculations of all kinds could emerge.

[Castro] Yes, all types of speculation.

[Reporter] The people trust in certain guarantees. For example, I have heard the people talk about education and health. Those are guarantees that to the people are indispensable.

[Castro] They are untouchable.

[Reporter] Those guarantees....

[Castro, interrupting] Those are untouchable. We would be retreating into neoliberalism if we did not guarantee education and health. We have to guarantee the maximum amount of [word indistinct], and to the largest number of people. But, obviously, the measures are very difficult. We have an excess number of pesos circulating. If we had some resources, the parallel markets would help quite a bit. But the resources we will obtain now, from these measures, are desperately needed in other areas of the economy such as food and medicine. In other words, we can allocate very little until we know how much we are going to accrue. Let us see. But we must do it. It is our duty.

[Reporter] We also have to see how we can make people who do not work, work.

[Castro] We have to achieve that people who do not work....

[Reporter, interrupting] Not like these people who sacrifice themselves....

[Castro, interrupting] Are you talking about these people here? [chuckles]

[Reporter] No, these people work hard and make sacrifices, but there are others who do not.

Castro Meets With Visiting Argentine Official

FL2907174893 Havana Radio Rebelde Network in Spanish 1155 GMT 29 Jul 93

[Text] In Havana, Commander in Chief Fidel Castro, first secretary of the Central Committee of the Communist Party of Cuba, met with Mr. Ruben Marin, governor of the Argentine province, Las Pampas, who is visiting Cuba at the invitation of the Central Committee.

During the ceremony, in which he was declared Havana City's guest of honor and received Havana City's symbol La Giraldilla, Mr. Marin told the press that, during his meeting with Fidel, he reiterated his solidarity with Cuba, and his interest of strengthening trade relations between Las Pampas Province and Havana City.

Marin, who is also acting president of the Peronist Justicialist Party, said that one of the purposes of his trip to Cuba was to initialize a beneficial exchange for both sides. After condemning the Yankee blockade, he expressed appreciation for the specialized medical treatment that many of his compatriots have received over the years in Cuba.

Marin, who concludes his visit to Cuba today, also met separately with politburo members Jose Ramon Balaguer, Carlos Lage, Ricardo Alarcon, president of the National Assembly of the People's Government, and with Cuban Foreign Minister Roberto Robaina.

Bundestag Vice President Arrives in Havana

LD2907173493 Hamburg DPA in German 1520 GMT 29 Jul 93

[Text] Havana (DPA)—Hans Klein, the vice president of the German Bundestag, has arrived in Cuba for a three-day visit. At his welcome at Havana airport on Wednesday, Jaime Crombet, the vice president of the Cuban National Assembly expressed his wish that the visit—the first of its kind for 30 years—will help expand relations between Cuba and Germany on the basis of "mutual knowledge and good will."

Klein is to visit various development aid projects in Latin America on behalf of the Hanns Seidel Foundation. In Havana, Klein is to meet several senior politicians and attend a seminar on "participative democracy" organized by the Foundation in cooperation with its Venezuelan project partners. Around 35 exiled and island Cubans will attend this seminar.

Meets With Robaina

FL3007000993 Havana Cuba Vision Network in Spanish 2220 GMT 29 Jul 93

[Text] Hans Klein, the vice president of the German Parliament and this delegation met on 29 July with Foreign Minister Roberto Robaina. During the meeting, Robaina talked about the main points of the Cuban foreign policy, particularly the integration of Latin American countries. They also discussed relations between Cuba and the United States, the U.S. blockade, and the Global Conference on Human Rights.

Meets With Alarcon, Crombet

FL2907142493 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0000 GMT 29 Jul 93

[Text] This afternoon, Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, met with Mr. (Hans Klein), vice president of the German Parliament, and the delegation he heads. During their meeting, Alarcon expressed Cuba's appreciation for the cooperation given by the (Hans-Seidel) Foundation and explained the complex situation that we are facing and the measures that are being implemented to confront these problems.

The meeting with Alarcon is the first activity of this delegation's program. The program also includes meetings with other Cuban leaders and attendance at seminars on participatory democracy, which begin tomorrow in Cuba. Klein arrived this afternoon on an official visit and was greeted by his Cuban counterpart, Jaime Crombet. (Erter Michel), [word indistict] deputy to the parliament; (Rene Heper), deputy director of the (Hans-Seidel) Foundation; and (Harold Mosser), a representative of the Foundation for Venezuela and the Caribbean; and (Georg Trefftz), the German ambassador to Cuba, accompany Klein as members of his delegation. In statements to the press, Klein said:

[Begin recording in German with simultaneous translation into Spanish] We are going to try to make our contribution in what I consider the most important thing: mutual understanding. Without this understanding and without this knowledge, it would be impossible to strengthen our relations. [end recording]

Residents Say Law Legalizing Dollars Needed

PA2907173793 Paris AFP in Spanish 1208 GMT 29 Jul 93

[Report by Antonio Raluy]

[Text] Havana, 29 Jul (AFP)—Two days after Cuban President Fidel Castro authorized his fellow countrymen to use dollars, the "green bill" circulated very little in the streets of Havana on 29 July because no specific measure has been adopted yet in the stores taking dollars.

Nevertheless, a certain uneasiness was felt near the stores reserved for tourists and foreigners on 29 July, the first working day after the three-day holiday to celebrate the 40th anniversary of the start of the revolution, an occasion in which the head of state announced possession of dollars would no longer be penalized.

More numerous than ever and standing outside shop windows hiding articles on sale behind thick curtains, Havana residents looked for a foreigner to escort them in as usual.

"Nothing has changed up until now, we are waiting for official instructions," according to a security guard standing outside the door of a small shopping center in Vedado neighborhood.

The passports or the official documents of the few Cubans who had already been authorized to buy in these reserved stores continued to be indispensable on 29 July.

More than 30 persons were standing in line outside the Panamericana store on Infanta Street in downtown Havana to buy basic goods that had been lacking for months in state distribution system stores.

Some of the items most sought after by the Cubans were soap bars, laundry soap, shampoo, butter, cooking oil, powdered milk, shoes, and clothing, that is, everything many Cubans cannot buy with their ration cards, which does not even cover their basic needs, not even with the limited operations of the black market selling at high prices.

"The best thing Fidel Castro could have done is to legalize the use of the dollar," according to a young Havana resident, who is still not very sure about spending the few green bills a relative sent him from Miami (United States).

An elderly woman very prudently said "even though Fidel may have said it, a law legalizing the use of the dollar is still needed." "I am not going to risk my dollars by taking them to the bank without knowing if they are going to be confiscated," she said referring to Castro, who in a speech delivered in Santiago de Cuba the evening of 26 July said Cubans could also open up savings accounts in dollars.

The tiny shopping center of El Batey in western Havana, reserved for foreigners and Cubans working in the tourist industry who were recently authorized to take and to spend their tips in dollars, gave us a certain idea of the wave of customers, who will perhaps very soon invade the stores of the capital.

While dozens of persons waited for their turn outside the gates protected by security guards, the nearly 200 persons who were able to fit inside the store raided the different outlets selling modest imported articles.

"I do not want to know what will happen once everyone is allowed to enter the stores. It is almost impossible to find necessary items as it is...they are going to take everything," according to the worried wife of a foreign diplomat who was witnessing the scene.

GRANMA Cautions on Foreign Currency Purchases

FL2907173593 Havana Radio Rebelde Network in Spanish 1155 GMT 29 Jul 93

[Unattributed statement to the population printed in the GRANMA Newspaper on 29 July]

[Text] Many people have gone to tourism stores, techno-Stores, and the (Tecubalse) stores, which are intended primarily for diplomats and other groups, in order to purchase products with foreign currency. It is necessary to clarify that the measures announced on 26 July, which are among the possible formulas proposed for a practical implementation in different areas, and which general principles are in harmony with last year's amendments to the constitution, can only be applied progressively. Some of these measures require the prior approval of decree-laws and resolutions that are being drafted so that everything is done in order and legally.

The commercial network necessary for the expansion of sales in foreign currency has not yet been set up for its immediate operation. Some more installations need to be established and prices still need to be revised carefully since the pertinent income must benefit all the people, most of which will not have access to foreign currencies.

Therefore, the existing networks that sell in foreign currencies must continue the functions for which they were established.

Havana Comments on UN Role in Somalia

FL2907161393 Havana Radio Rebelde Network in Spanish 1155 GMT 29 Jul 93

[Our Opinion Commentary by Eduardo Dimas]

[Text] Good morning. A UN spokesman declared to the press that the UN military contingent in Somalia, headed by the United States, is prepared to use force, once again, if it is necessary. The UN spokesman added that in order to demonstrate they have the military power to dissuade any further action, they must show more force.

As if that were not enough, on 21 July, in Geneva, (Jean Aliason) the sub secretary general of the United Nations, said that military operations in Somalia could become more important than sending humanitarian aid or the stability in that territory.

We could ask ourselves what kind of humanitarian intervention has taken place in Somalia and if the people want that help. I believe it is worthwhile to point out that when the UN Security Council agreed to intervene in Somalia, with supposed humanitarian goals, they estimated that the military occupation of that country would last approximately three months. Since 9 December 1992, to date, more than seven months have gone by without the intervention having concluded and now it even gives the impression that it will last even longer.

We must also remember that when they tried to create a favorable international opinion toward the intervention, all the television networks of the world showed images of thousands of Somalians who were literally dying from starvation, 24 hours a day. After the entrance of the U.S. troops, which was transmitted in full color, the [words

indistinct] images of the Somalians' hunger and desperation magically disappeared almost as if the mere presence of the contingent from the United States and other developed capitalist countries was enough to ward off the misery and the desolation of a country destroyed by a civil war.

Let us suppose that this were true; that they were able to solve the problem of starvation, which I doubt. Then, how can you explain why forces of the UN contingent are being attacked? How can you explain why UN spokesmen keep talking about continuing the use of force?

The answer is not hard to find. Behind the interest of killing Mohamed Farah Aidid is the desire to impede the appearance of a leader who could gather the forces capable of confronting the UN military intervention and who could demand Somalia's sovereignty and independence. The US bombings aimed at destroying Aidid's arsenals and his arrest have caused the death of more than 100 civilians. General Aidid is not exactly a model of perfection, but the head of one of Somalia's factions who provoked the civil war and one of the persons responsible for the current situation in the country.

It seems proper to point out that when the problem of humanitarian intervention was discussed in the UN Security Council, many countries underscored that it was an interference in the domestic affairs of the states which violates the principles of sovereignty and independence of the nations. Those principles were not respected in Somalia. Even the Pope sanctified the intervention. But, we cannot talk about positive results, because there simply cannot be any.

Everyday I am more convinced that the invasion in Somalia was the first act of colonization by the capitalist powers of this new world order that we live in and I am also convinced that they will do the same as many times as they see it fit by invoking human rights, which are interpreted by them, starvation, of which they are not guiltless, or any other excuse. It is sad that, almost at the end of the 20th century, we have to talk about the possibility of the recolonization of the Third World, but it is an evident reality. Let us not forget this.

Cuba, Turkey Sign Civil Air Agreement

FL2907193993 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Jul 93

[Text] Just minutes ago, a civil aviation agreement was signed at the Foreign Ministry between the Republic of Turkey and the Republic of Cuba. The Document signed by Mr. Aykut Berk, Turkish ambassador to Cuba, and Division General Rogelio Acevedo, president of the Cuban Civil Aeronautics Institute, is a sample of the two peoples' will to strengthen bilateral relations. On this agreement, the Turkish ambassador said:

[Begin Berk recording in English with simultaneous translation into Spanish] This is another agreement between our two governments, which is giving the correct direction in our relationship and I hope that during my stay in Cuba as the Turkish ambassador I have other such pleasant opportunities to sign agreements. [end recording]

On the matter, Division General Rogelio Acevedo said:

[Begin Acevedo recording] With regard to the agreement, it is a big step in Cuba's relations with Turkey and even though at the moment and on our side there are no possibilities nor intention of beginning air traffic but we do know that the Turkish side would like to begin air traffic and the bilateral agreement creates those conditions for not only the transportation of cargo, but the transportation of tourists, delegations and a wide range of social activities as we said earlier. These could be cultural activities that undoubtedly will strengthen the friendship between the two peoples. [end recording]

This agreement will make way for other ties that will be established regularly in other spheres such as the economy, science, sports, culture, and tourism.

* Youth Activities During Special Period Discussed

93CA0167A

[Editorial Report] Havana JUVENTUD REBELDE in Spanish of 11 July 1993 on page 2 reports that in a meeting on the role of the People's Councils in youth activities, held in Ciego de Avila, Union of Young Communists first secretary Juan Contino Aslan stated that only "ingenuity" and "desire" are required to find recreation opportunities for youth during the special period. The article notes that civic defense tunnels are being used as restaurants and locales for evening activities. Workers' cafeterias in Ciego de Avila are being used as places "to listen to music and spend a pleasant evening." In Moa the Technical Youth Brigades have replaced discotheque lights with a system of water bubbles and put together an amplifier which moves throughout the city and is made from used tractor tires.

Haiti

Brutus Opposes Multinational Mission In Haiti

FL2907231893 Port-au-Prince Radio Metropole in French 1600 GMT 29 Jul 93

[Text] President Aristide's demand for the deployment in the country of a multinational mission is opposed by some legislators. For Socialist Deputy Dully Brutus, the Parliament has something to say on the matter: [Begin Brutus recording in Creole] We in PANPRA [Nationalistic Progressive Revolutionary Party of Haiti] always say that we are totally opposed to the idea of the presence of any foreign force. We did not accept it after the coup d'etat. After two years, we still do not accept it.

Second, we think that such a disposition can not be solely endorsed by the president of the Republic. The Parliament, as a constitutional power, must give its approval on any such decision by President Jean-Bertrand Aristide. It is clear. There is a series of decisions that commit the national sovereignty. The president alone can not decide. The Parliament must also decide. We are staying extremely calm because we are sure that the Parliament will have to come to a decision regarding this question.

Malval Still Awaits Parliamentary Ratification

FL2907192993 Port-au-Prince Radio Metropole in French 1045 GMT 29 Jul 93

[Text] Prime Minister-designate Robert Malval is waiting to get Parliament's approval. The wait looks to last a while because the ratification process has broken down in the Senate. The parliamentary session called today by President Aristide has almost no chance to take place because any normalization of the Parliament is still delayed in the Senate. By convening the session today, President Aristide was hoping to ratify Robert Malval. He clearly pointed this out in a letter addressed to Senator Firmin Jean-Louis and Deputy Antoine Joseph.

Questioned about a parliamentary session today, the president of the Lower Chamber said that Father Aristide has made a mistake. Antoine Joseph said that the ratification of the prime minister is done in the other chamber. Deputy Joseph further indicated that he did not wish to converse with President Aristide regarding the choice of the prime minister without a normalization of the situation in the Senate. [Joseph recording] It is not necessary to go to the Parliament to ratify a prime minister. The duties of the national assembly are clear. Personally I do not know what are the president's intentions because the reasons for holding this session are not mentioned in this letter. Therefore the deputies and I thought that there was no valid reason for holding a parliamentary session to ratify the prime minister. Aside from that, the ratification is done in the other chamber. We, in the Chamber of Deputies, are waiting for a consultation. One must believe that there is a blockade in the Senate. Even if there was to be a session, the rift, the division within the Senate would not ensure the success of such a session. That is why, we, in the Chamber of Deputies, are waiting for a gesture from the Senators, without any bias, toward normalization which must take place from a model, like in the Chamber of Deputies. Not inevitably elections, but a compromise that would allow us to hold a parliamentary session to ratify the prime minister in both chambers. There wold be a majority to work on the ratification. This is what we are awaiting. This is why we do not want to act unilaterally. We are waiting for the Senate so that a parliamentary delegation can go either to Miami or Washington to meet Father Aristide to work toward harmonizing relations between the Parliament and the future executive and also for consultations that I must personally hold with President Aristide regarding the choice of Robert Malval as prime minister. [end recording] That was the president of the Chamber of Deputies, Antoine Joseph. The process of the normalization of the Parliament has been completed in the Lower Chamber. The office is now complete. Two deputies of the National Front for Change and Democracy, FNCD, are members of the office of the Chamber of Deputies that now includes legislators from both blocs. Fritz Robert Saint-Paul from the FNCD has been elected first secretary, Antoinier Clerval from the Alliance is the second secretary and Dieudonne Luc from FNCD is the new quaestor in the Lower Chamber. The ball is right now in the Senate's camp.

PLANOP Supports Malval

FL2907202693 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Jul 93

[Excerpt] The National Platform of People's Organizations [Plateforme Nationale des Organisations Populaires, PLANOP] is supporting the choice of President Aristide. According to the PLANOP, Mr. Robert Malval is indeed the man of the moment. Let us listen to a report by (Janiton Wilfrance).

[Begin Wilfrance recording, in Creole] PLANOP met at the Holiday Inn Hotel to approve President Aristide's choice of Robert Malval as the country's prime minister. PLANOP said that it would be the only possible means to prevent violence and slaughter from occurring in Haiti today. PLANOP asked for the end of such a situation and said that the Army should have much consideration for the Haitian people who have been suffering for 22 months due to an embargo whereas they cannot even [word indistinct] their consent.

In view of this dilemma, PLANOP said it is offering its sympathies to all mass organizations that have always remained mobilized so a solution can be sound to the 30 September crisis, a crisis which Haiti had never experienced before. [passage omitted]

Constitutionalist Bloc Ready To Hold Elections

FL2907231793 Port-au-Prince Radio Metropole in French 1825 GMT 29 Jul 93

[Report by Rothschild Francois, Jr. from the parliament—live]

[Excerpt] The president of the constitutionalist bloc, Firmin Jean-Louis, just announced a little while ago that the bloc was ready to hold elections for the renewal of the

Senate. Senator Jean-Louis stated that he is awaiting arrival of the Alliance senators to hold new elections for the formation of a new office. Sen. Jean-Louis also said that they are ready to vote where Sen. Dupiton is because they would like all senators to be present during the vote for the formation of the new office at the Senate of the Republic. It should be pointed out that in the Chamber of Deputies the process took place without any problems. The office is now complete, and only the Senate is left to normalize its situation at the office. [passage omitted]

Senator's Home Attacked 27 Jul

FL2907145993 Port-au-Prince Signal FM Radio in French 1030 GMT 29 Jul 93

[Text] On the night of 27 July, the same night Senator Eddy Dupiton was attacked, the home of National Front for Change and Democracy Senator Clark Parent was the target of a group of unidentified individuals who fired at it many times. Parent's saved his own life by lying on the floor to avoid the bullets, according to a source close to Parent's' family.

Trinidad and Tobago

EEC Awards Infrastructure Grant Under Lome III, IV

FL3007014093 Bridgetown CANA in English 1448 GMT 29 Jul 93

[Text] Port-of-Spain, Trinidad, July 29, CANA—Trinidad and Tobago is expected to receive a grant of TT235 million dollars from the European Economic Community (EEC), following Wednesday's signing of proposed country programmes that fall under Lome III and IV. Lome is a trade and economic accord between European, African, Caribbean, and Pacific states.

Head of the delegation of the Commission of the European Communities based in Port-of-Spain, Emilio Perez Porras, said the projects included in the so-called national indicative programme have been analysed and feasibility studies carried out on them.

"...All have shown not only their pertinence and viability and their conformity with the general policy of development of the country as expressed by the government, but also their compliance with international criteria of approval and analyses of projects and EEC cooperation policy," he said at a signing ceremony.

The grant will finance a road rehabilitation programme, support the agricultural sector and the small business sector, as well as a rural electrification programme for 48 communities.

Costa Rica

Labor Minister Gives Figures on Strike Participation

PA2907235193 San Jose Radio Reloj in Spanish 0100 GMT 29 Jul 93

[Text] The Labor Ministry drew up a list of 18 institutions that either did not join the strike, partially joined the strike, or did not heed the call made by the Permanent Workers Council. The following sectors did not join the strike: National Power and Light Company, Incofer [expansion unknown], Costa Rican Electricity Institute, Costa Rican Institute of Pacific Ports, air traffic controllers, San Jose Municipality, and Costa Rican Oil Refinery. The following sectors participated in the strike only partially: Education Ministry, mass transportation, Finance Ministry, Aqueducts and Sewage Institute, and agriculture, whose degree of participation has not yet been determined, according to Labor Minister Carlos Monge Rodriguez.

The labor minister gave the list to the media to show that the following institutions had varying degrees of participation. The stoppage did not reach 100 percent in any case. In the health sector, the Mexico, Alajuela, and Golfito Hospitals had 30- and 37-percent participation, respectively. Sambito and other hospitals had 60-percent participation, according to the labor minister. The Public Works Ministry experienced a 20-percent stoppage, while the (Bani) was paralyzed by 85-percent participation, with the exception of the children's center, which cares for children ranging in age from a few months to 12 years.

There was a partial strike at the Public Works Ministry, the Agriculture Ministry, the IDA [Agrarian Development Institute], TNP, AIA [expansions unknown], as well as at the Power and Light Company.

The call for a general strike beginning on 28 July by a few labor unions did not have the expected support because very few of the workers actually participated.

Following a general assembly at the Public Works Ministry, the employees decided to support the strike, but participation was small at the main office. There were problems at the license and motor vehicle department, where employees took the same attitude as during the 19 and 20 July strike, when they did not provide the services regularly provided in that department.

The workers at the Aqueducts and Sewage Institute, the IDA, the Agriculture Ministry, the Power and Light Company, and other institutions did not react to the strike as expected. Apparently the management at those institutions had requested a list of those who joined the strike, and that frightened many employees because severe measures could be taken against them.

Agriculture Minister Juan Rafael Lizano said very few employees from his ministry went on strike. He said that is why the services provided at the ministry as well as in the airport were not adversely affected.

El Salvador

Cristiani Says Army Patrols Curbing Crime

PA3007005493 San Salvador Radio Cadena YSKL in Spanish 1730 GMT 26 Jul 93

[Report by David Riva on news conference by President Alfredo Cristiani]

[Text] Here is part of the news conference President Alfredo Cristiani is holding at this time: [Begin recording] [Cristiani] We will go to Mapala, Honduras, on 29 July and meet on 30 July with the [word indistinct] to follow up on the whole matter of integration of the four countries. The idea is to continue talks on all topics, such as the free flow of commerce, that we have been developing. We will see the problems that exist concerning some products and try to resolve all of them to have free commercial flow [words indistinct].

[Moderator] [Name indistinct]

[Reporter] Mr. President, I have two questions. One has to do with the progress of the Farabundo Marti National Liberation Front [FMLN] disarmament. Have you received any reports from the United Nations? We know the process ends on 4 August. The second question deals with the army patrols. Have you received any reports on specific results of this measure?

[Cristiani] To answer your first question, we have not received an official report from the United Nations. We have only been told that the FMLN continues to surrender weapons, which will be destroyed on 4 August. We hope to have a report at the end of the 45-day period. We will study the new inventory that was submitted to see if it is adequate. We will have to wait until 4 August. Regarding the patrols, we have received reports that crime has gone done considerably in the areas where the Armed Forces are present. Travel on those highways is safer than before. That is the case in just about all the zones where we have been able to conduct deterrent exercises. We have also been able to conduct operations with the National Police to capture certain criminal gangs. That is also yielding good results. In fact, we believe this is something that will allow people to travel more safely in rural areas. We have always said that this is not the sole solution to the crime problem, but it does provide greater tranquillity to the people who use those highways. [end recording] For the first time President Alfredo Cristiani admitted that some criminal gangs are made up of former soldiers. He also confirmed that former FMLN members belong to gangs in various parts of the country. President Cristiani, accompanied by San Salvador Mayor Armando Calderon Sol, some deputies, and government officials attended religious ceremonies in honor of Saint Anne. San Salvador Monsignor Arturo

Rivera y Damas and the other seven bishops of the Salvadoran Bishops' Conference also attended.

Legislative Assembly Authorizes Entry of U.S. Troops

PA2907190493 San Salvador Canal Doce Television in Spanish 0300 GMT 29 Jul 93

[Text] The Legislative Assembly on 28 July authorized the arrival in El Salvador of over 400 U.S. troops who, with Salvadoran troops, will execute engineering projects in two Salvadoran departments.

Among the projects to be executed within the framework of the operation called Fuertes Caminos, is the erection of infrastructure in Cuscatlan and La Paz Departments.

[Begin unidentified speaker recording] The result of the forthcoming military exercises will be positive for the country because it will improve the infrastructure. I believe it is advisable for the Legislative Branch to be informed of the events that take place during this activity. Remember Mr. President and dear colleagues, that we are dealing with armed contingents. [end recording]

The first contingent of U.S. troops are from the Southern Command based in Panama and they will remain in the country for approximately five months, a situation that is viewed by the National Democratic Union's Mario Aguinada with distrust.

[Begin Aguinada recording] The fact that military operations will be conducted by another country with the cooperation of the Salvadoran Armed Forces will enhance the influence of an institution which, for the country's benefit, should be increasingly subservient to political and civilian power. Actions like these further professionalize and modernize our Armed Forces. [end recording]

During the first phase of the project the U.S. and Salvadoran troops will build schools, clinics, and water wells. During the second phase, which will be executed next year, it is said they will build bridges and highways in coordination with the Public Works Ministry and the National Administration of Water Works and Sewers.

Defense Minister Comments

PA2907180893 San Salvador EL DIARIO DE HOY in Spanish 26 Jul 93 p 4

[Text] The recent visit of General George A. Joulwan, commander of the U.S. Southern Command, will speed up the unfreezing of $11 million in nonlethal military aid to El Salvador, which the Clinton administration froze in March.

This was stated by Defense Minister Colonel Humberto Corado, who also said that the U.S. Government's trust in El Salvador is exemplified by the joint military maneuvers to be carried out by troops from the two countries.

Col. Corado said "the U.S. Government's trust in President Cristiani's Government is evident once again."

According to Corado, a detachment of soldiers who are assigned to the Panama Canal area will arrive the week of 1 August to help build and repair schools, drill wells, and carry out other works for public benefit. Salvadoran troops from the Corps of Engineers and other military divisions will assist them.

Corado stated that "these programs are good because the U.S. soldiers will come to train our soldiers in the construction of works that will remain here for the benefit of all. That is the way an army is trained during peace time."

Minister Corado said that initially the departments of Cuscatlan and Cabanas have been chosen for these works.

Corado, Deputy Defense Minister Roberto Tejada Murcia, Armed Forces Joint Chief Jaime Guzman Morales, and Deputy Chief of Staff Eduardo Angel Orellana played host to the journalists and pointed out that this group "was one of the hardest hit during the war."

The minister praised the investigations conducted for EL DIARIO DE HOY's in-depth reports and emphasized that "it is time for our society to view journalists as dynamic, helpful, and versatile persons who guide public opinion."

Corado pointed out: "Your guild is an example for others because you do a commendable job without boasting about it."

TSE Initiates Voter Registration Campaign

PA2907190593 San Salvador Radio Farabundo Marti Network in Spanish 1800 GMT 26 Jul 93

[Text] The Supreme Electoral Tribunal [TSE] on 26 July initiated a vast voter registration campaign to increase the electoral register to over 1 million voters. The plan, which is scheduled to conclude on 12 March 1994, will be carried out in three phases, according to TSE President Arturo Saldivar.

[Begin Saldivar recording] I am hereby informing the nation of the beginning of the 1993 census and identification card distribution plan, which this tribunal has approved and which begins on 26 July.

The plan is an effort by the TSE to bring the largest number of voters possible to the electoral registry. Our goal is 673,000 persons or voters, in accordance with the figures resulting from a poll conducted by the General Directorate of Statistics following the population census. In El Salvador there are 673,000 persons who are qualified to vote, but do not have electoral identification

cards. This is the goal of the TSE and we have already distributed almost 300,000 cards throughout the countryside for this purpose. [end recording]

The cost of the plan is 25 million colones and it includes the opening of over 500 registration centers and the acquisition of photographic equipment and vehicles, among other resources that are required for the project.

Meanwhile, Saldivar declined to comment on the 4 August deadline given the Farabundo Marti National Liberation Front to surrender its weapons. He said, nevertheless, that should problems emerge after the deadline, the TSE will adhere to the Constitution and the final document issued by the UN Observers for El Salvador regarding this issue.

Guatemala

Army General Says U.S. Aid Welcome If Unconditional

PA3007043993 Guatemala City PRENSA LIBRE in Spanish 28 Jul 93 p 3

[Text] General Marcos Antonio Gonzalez Taracena, deputy chief of the General Staff of National Defense, said the alleged shipment of U.S. military aid to the Guatemalan Army will be welcome if national sovereignty is respected.

The officer's statements were brief, and he said questions could be answered by the defense minister. Reporters' efforts to interview Defense Minister Gen. Mario Enriquez Morales, however, have been unsuccessful because he always has a tight agenda that does not include news conferences.

Gen. Gonzalez Taracena said his personal opinion was that the alleged U.S. military aid could not be conditional, much less at the expense of our country's sovereignty, which is unconditional and sacred.

On the peace proposal presented by President De Leon Carpio's administration, the high-ranking military officer said: "Guatemala is sick and tired of violence and is leaning toward an agreement to end an armed conflict that has been going on for more than 30 years."

Gen. Gonzalez Taracena was questioned about the Peace Commission's achievements in talks with the guerrillas in Mexico over the past two years. The officer responded that the process originated at the Esquipulas II summit [in Guatemala City on 6 and 7 August 1987] and was given the task of finding a political solution to the internal armed strife.

He added that in two years the Peace Commission members had talked with several sectors, including religious, union, and professional groups, to reach agreements that would help end the Guatemalan civil war at the talks in Mexico.

Gonzalez Taracena stated that the Guatemalan National Revolutionary Unity [URNG] should not represent the Guatemalan people and that the people, who are the ones who have suffered, should participate directly in the peace efforts. He said the URNG should participate in the peace efforts but should never represent the Guatemalan people, as that would be absurd and illogical.

On ending, he asserted that advances in democratization and human rights had been made in the Queretaro agreement. Those are the most important points, and nobody has the solution because the people's sovereignty is unconditional, Gonzalez Taracena stated. [sentence as published]

Honduras

Soldiers Deployed to Borders With El Salvador, Nicaragua

PA3007034393 Tegucigalpa EL HERALDO in Spanish 28 Jul 93 p 42

[Article by Lourdes Chiuz A.]

[Text] Choluteca— On 27 July Honduran soldiers were once again deployed to the border with El Salvador and Nicaragua. The objective is to protect residents of border communities and national interests.

The military posts in those areas were dismantled at the request of the residents, who were complaining about the behavior of the soldiers assigned there. The absence of soldiers, however, led to an increase in the number of incidences of robbery, cattle rustling, and weapons contraband. The areas were also being used to move stolen vehicles from one country to another.

Municipal authorities and residents of the border areas have therefore asked the Armed Forces High Command to send soldiers to ensure the residents' safety and to halt actions by common criminals.

According to information provided by Jose Francisco Davila Nolasco, commander of the 101st Infantry Brigade in Choluteca, having soldiers in the area will help keep the recontras and recompas who are currently being persecuted by the Nicaraguan authorities out of Honduran territory.

Nicaragua

Chamorro Reacts to U.S. Senate Decision on Aid

PA2907203793 Managua Radio Sandino in Spanish 1830 GMT 29 Jul 93

[Text] President Violeta Barrios de Chamorro stated that in the event U.S. assistance is suspended following the Senate's amendment, the people will have to tighten their belts. She said that she will thoroughly investigate the explosion of the Santa Rosa cache and the documents that were found. Mrs. Chamorro pointed out that these

investigations will also cover the Sandinist People's Army. The president made the statements after dedicating the Boy Scouts' office, which is their first office after 75 years of activities in our country.

[Begin recording] [Chamorro] After hearing the news, [words omitted] I feel we must not lose hope. I think that as in all parts of the world, these things must be examined by the persons lending the money. We have the problem of the caches, and thank God, the people from the FBI and Interpol are studying this situation [words indistinct] much time. So I hope they will return soon, and that they will clearly say and without fear how all this happened.

[Unidentified reporter] Do you think that with the issue of this assistance, the government will tighten economic measures?

[Chamorro] No, I do not really think so. I would like all Nicaraguans to know that the money is not coming right away, and we will have to tighten our belts.

[Reporter] [words indistinct] the city mayor and Virgilio Godoy [words indistinct] in order to reform the Constitution and stage a technical coup to stifle any possible new government measures. In such a case, would you use the resources available to you, in view of the political constitution, of disavowing the National Assembly, or are you willing to leave that [words indistinct]?

[Chamorro] The people elected me in 1990, so I tell you I continue ruling my country. I think no one wants a coup at this time.

[Reporter] [words indistinct] arriving in Honduras?

[Chamarro] At Amapala? I am going there tomorrow as there is a meeting of the group of four where we are going to speak on the exchange of communications that all of us Central Americans must have, and we must work as brothers.

[Reporter] President Chamorro: The bishops reiterated their stand that you request that Blue Berets be sent to Nicaragua. What is your final stand on this issue? Would you be willing to study it?

[Chamorro] Well, we never stop studying things, one must always study things. However, I have said that we do not need the Blue Helmets at this time. Everyone has a right, as I said on 28 July, to voice their opinion.

[Reporter] Mrs. Chamorro, the way we interpret this is that you want to thoroughly investigate who are the authors of the Santa Rosa cache, which is what created this situation in the Senate and led to the [words indistinct] on 28 July. As you know several commissions have been appointed, and usually, they do not get to the true core of the investigations to determine who are the authors. Now with this Senate resolution, are you planning to give new impetus to determine why this happened?

[Chamorro] Is there anyone who would not like to get to the core of the whole issue, to determine the true consequences? Who is not going to want that. I think that anyone, even if he is not a dignitary in the country and someone who [words indistinct] wants to know what are the consequences of these actions that we condemn and reject. That is why we asked Interpol for help, and now I have also asked the FBI....[pauses] The government minister asked for this. I want to tell you something. This is another burden for me, this is something else that I have to carry.

Thank God, it exploded, because had it exploded perhaps a few days later, we would have all died. This is condemnable, and it is necessary that it be thoroughly investigated. Those who are responsible will be punished.

[Reporter] You say this is another burden for your government. Unfortunately, the National Opposition Union is not in alliance with you and does not want to continue holding a dialogue, and the Sandinist Front stages a march and says that you might not finish your term. There are several factors....[pauses] and now, the United States.... [pauses] there are various factors that are all burdening you. Are you planning to make any changes to see if you can solve this situation and change the course?

[Chamorro] At this time, all I hope is that the people from Interpol and the FBI—who can investigate better than [words indistinct] will come and tell us, tell me quickly who are truly responsible. I think everyone wants to know. I want to know, so that these persons will be punished.

During my presidency, I am not going to lend my fatherland for that. Who lent the fatherland? That is the question, but I think everyone knows that. The Salvadorans have already denied it. It must have been the Sandinists.

[Reporter] Managua Mayor Arnoldo Aleman has announced a decree where he says that all persons or corporations will have to pay taxes on the subsoil and airspace. Would you be willing to pay such taxes?

[Chamorro] Look, that is up to the corresponding minister, and not the city mayor.

[Reporter] How about the recompa movement....

[Chamorro, interrupting] I would like to meet with all of you everyday, but....

[Reporter, interrupting] The recompa...

[Chamorro, interrupting] I cannot answer any more questions. [end recording]

Minister Leal Comments

PA2907203593 Managua Radio Sandino in Spanish 1830 GMT 29 Jul 93

[Statement by Foreign Minister Ernesto Leal in Managua—live or recorded]

[Text] As you know, on 28 July the U.S. Senate issued a resolution maintaining the hold on U.S. Government aid to Nicaragua. That resolution is virtually nonbinding; it is not legally binding. This does not mean the aid is frozen [detenida]. The House of Representatives must ratify this Senate resolution before it becomes legally binding, before withholding is enforced.

We, however, want to be honest with you: We are indeed concerned over the Senate resolution. The Senate was debating other topics unrelated to foreign aid when Senator Helms' initiative was presented. An amendment was presented before the Senate. Frankly, we are concerned because the conditions it seeks to establish includes international organizations' investigations into the consequences of and individuals involved in the Santa Rosa arms cache.

Nicaragua has taken a number of steps since 23 May when the Santa Rosa arms cache was found. We invited the UN Observers for El Salvador to visit. UN officials were here to conduct the corresponding investigations. Afterward, it was determined.... [pauses] and the Farabundo Marti Peoples Liberation Forces was urged to once and for all reveal the location of other arms caches if there were any. This is how other caches were found.

We also established intense cooperation with all the governments of countries mentioned in the documents that were found. We established contact with governments such as those of Spain, Venezuela, Brazil, Canada, El Salvador, and even the United States. Prior to this the Nicaraguan Government, being aware of the importance of the cache found in Santa Rosa, had asked Interpol and each country mentioned in the documents found in the Santa Rosa arms cache to cooperate with Interpol and investigative organizations in each country involved to establish an international commission to investigate the events and those involved in the Santa Rosa arms cache case not only in Nicaragua but abroad.

Thus, there is actually nothing additional to the actions the Government of the Republic of Nicaragua had already taken prior to the Senate resolution. In other words, I wish to tell you the Chamorro administration—aware of its responsibility not only before the international community but also the Nicaraguan people and because documents referring to foreign citizens were found—decided that an in-depth investigation was in order to determine the facts and scope of the Santa Rosa arms cache case.

Other Reactions Noted

PA2907175693 Managua BARRICADA in Spanish 29 Jul 93 pp 1, 12

[Text] The amendment approved on 28 July by the U.S. Senate was described as an "important political message," that nevertheless will not have significant effect unless the U.S. Congress ratifies it, acting Presidency Minister Jose Adan Guerra said in a statement for BARRICADA on 28 July. "The resolution has nothing to do with the Law on Foreign Aid for Nicaragua," Guerra noted, adding that it is an amendment to the State Department's Appropriations and Commerce Law, requesting an investigation by the Executive Branch to determine if there are in fact links between Nicaraguan Government officials and international terrorists.

The amendment urges U.S. President William Clinton to investigate documents found at an arsenal in an auto shop in the Santa Rosa neighborhood as well as false passports connected to the terrorist attack at the World Trade Center in New York.

Guerra played down the effects of the initiative approved by the U.S. Senate, noting that "before it becomes law, it must be approved by the plenum of the U.S. Congress," which will meet in September, after the summer recess.

He stressed the importance of clarifying the aspects mentioned in the amendment—links with false passports and documents found at the arsenal— which could have negative effects on the aid. "We had already requested assistance from the Interpol and FBI. The government has shown interest in clarifying these cases as soon as possible," he said.

Meanwhile, representatives from the private sector and from the Sandinist National Liberation Front, FSLN, rejected the possibility that the United States may again freeze its aid to Nicaragua.

Ramiro Gurdian, president of the Higher Council of Private Enterprise, Cosep, expressed his disagreement with the U.S. Senate decision. "We can never be in favor of the suspension of aid, because it affects all Nicaraguans," he said.

Bayardo Arce, member of the FSLN National Directorate, said the action is worrisome and dangerous. "We believe this action will not have an immediate effect on the economy, because it is not conclusive until it reaches the U.S. Congress. It is, however, a very serious signal in U.S. foreign policy, particularly toward Latin America," Arce stressed. He added that it would be a return to the style of Republican administrations on the subject. "It is not that we expected a revolution in U.S. foreign policy with the arrival of the Clinton administration, but we did expect a change. Hopefully, U.S. congressmen will realize that this signal will affect U.S. foreign policy beyond Nicaragua, and will not endorse this mistake," he stressed.

Gurdian said he fears the Capitol Hill announcement could provoke a "chain reaction among multilateral financial organizations," which could be unfavorable for Nicaragua.

Arce and Gurdian both agreed that to a certain extent, the Nicaraguan Government is responsible for the Senate resolution.

"It is responsible to a certain extent because it lifted its protectionist barriers by withdrawing its lawsuit at The Hague Court. Had it not made that decision, it would not be begging for aid, but demanding an indemnification. That hasty and servile measure left the country without any defense, and subject to blackmail policies," Arce said.

Gurdian did not mention the lawsuit against the United States that Nicaragua filed at The Hague Court, which was withdrawn by the current government. He did share the same ideas, however, when he said that "the government brought about this problem by not maintaining a dignified image" before the United States.

Chamorro Views Amnesty, Gen Ortega's Remarks

PA2907171993 Managua Radio Sandino in Spanish 1830 GMT 26 Jul 93

[Text] President Violeta Barrios de Chamorro on the morning of 26 July opened the Third Symposium of Water and Sanitation, which is being held at the Olof Palme Convention Center. The president said that her government is determined to support the reconstruction and expansion of basic potable water and sanitation services, demanded both by country and city residents to preserve their state of health and improve their standards of living.

One of my greatest concerns has been the health of our people, particularly that of thousands of children who continue to suffer from diseases because clean water, sanitation, and health education are not available to all the population, the president admitted. She announced that the government will shortly begin the projects to reconstruct the water lines with the support of the Inter-American Development Bank, as well as to reinforce the water lines with a contribution from the French Government. The president added she hopes to receive the support of the Japanese Government to promote a future project of finding new water sources for Managua.

President Violeta Barrios de Chamorro criticized the different versions reported by the media on the amnesty the government will offer rearmed individuals who end their actions. She asserted that these reports tend to confuse the population. The president reiterated that the amnesty law will be issued in due time, in statements to reporters after opening the event at the Olof Palme Convention Center.

[Begin recording] [Chamorro] [words indistinct] what you have said is the true, namely that the different media are reporting different things which confuse the population. Everybody is reading a different version and no one knows for sure what is the truth.

I said that the amnesty will be issued, and it will benefit all those who have fulfilled the requirements.

[Unidentified reporter] Will this include the rebels who took over Esteli?

[Chamorro] Of course, yes. It will benefit in due time those who have surrendered their weapons and have entered the security zones.

I do not know why they are making so much fuss about it. One media source is reporting one thing and another media source is reporting something different. This only confuses everyone. Well, thank you, boys.

[Reporter] Mr. President, I have one last question. There are rumors about a future dialogue between the UNO [National Opposition Union] and the Sandinist National Liberation Front [FSLN]. How do you view this dialogue?

[Chamorro] What?

[Reporter] How do you view the future dialogue between the UNO and FSLN?

[Chamorro] Listen, this is the first time I have heard such a rumor. I would be delighted to see the UNO and FSLN get together to talk.

[Reporter] Some politicians have made a proposal calling for a constituent assembly to solve the country's crisis. What is your view on this proposal?

[Chamorro] That would have to take place some time in the future. The National Assembly would first have to discuss the issue.

Meanwhile, I will remain in office, as I was elected by the people's vote on 25 February 1990. I am not resigning yet.

[Reporter] [Question indistinct]

[Chamorro] [words indistinct] because the Assembly is closed.

[Reporter] It was said that General Ortega announced that the recontras who took over Esteli were to be released based on the amnesty. Is he authorized to do that?

[Chamorro] Listen, maybe he made a slip of the tongue. I am the one who is saying that the amnesty will benefit all those who surrendered their weapons, as was reported by the newspapers. [end recording]

Cardinal Says H. Ortega Will Determine Chamorro's Term

PA2907225393 Managua EL NUEVO DIARIO in Spanish 29 Jul 93 pp 1, 8

[Report by Vladimir Lopez]

[Text] Cardinal Miguel Obando y Bravo predicted that Violeta Chamorro will be president of the Republic only "as long as General Humberto Ortega wants her to and until he lends her the rifles. The day the general says 'enough,' it will be the end of the line for her."

The top leader of the Catholic Church in Nicaragua made those startling statements at the construction site of the new Managua Cathedral, where President Chamorro was to arrive to donate a church pew.

The Cardinal also spoke out against the amnesty, saying that in his opinion "it will not solve the problems." He recalled that "there have been three amnesties in the past, and the problems continue."

Obando Received Chamorro With Cordiality

Despite his statements, the church official, who is one of the most vigorous critics of the Chamorro administration, received the president cordially and showed her the main sections of the new cathedral.

President Chamorro arrived at the cathedral a few minutes after it was reported that the U.S. Senate had issued resolution No. 2519 requesting that U.S. aid to Nicaragua be frozen.

On the U.S. Aid Cut.

Although the resolution has not yet gone into effect because it has to go to the House of Representatives, those who introduced it are presenting several points to allow the aid to be renewed. [sentenced as published]

The main point of the new obstacle to aid is based on the demand that the Nicaraguan Government identify and arrest the people responsible for issuing the Nicaraguan passports that were discovered in connection with the terrorist attack on the World Trade Center in New York.

Another demand is that a U.S. agency (most surely the FBI) participate in the independent investigation of the origins, leaders, financing, and activities of the terrorist organization that was discovered when a weapons cache exploded in Santa Rosa on 23 May.

U.S. congressmen have also set the condition for unblocking aid that no top-ranking Nicaraguan Government official, including Sandinist People's Army and National Police officers, "be involved in or give support to international terrorist actions."

When President Chamorro was asked about the freezing of U.S. aid, she said she did not have any information. "I cannot give you any reaction, dear," she stated, "because this is the first I have heard about the matter. No official communication has reached my office."

Rebel Leaders Begin Talks With Special Disarmament Brigade

PA2907233193 Managua BARRICADA in Spanish 28 Jul 93 pp 1, 5

[Report by Juan Ramon Huerta]

[Text] "Chacal" [Jose Angel Talavera], "Northiel," "Martin Negro," "Magnum," and "Charro," top leaders of the so-called 3-80 Northern Front, began formal talks with the Special Disarmament Brigade (BED) High Command, Operations Chief Major Ivan Portocarrero confirmed on 27 July. The officer added that in a few days a meeting will be held, and representatives of the church, Red Cross, and Evangelical Committee for Development Aid may also attend as guarantors.

The BED second in command said technical difficulties prevented a top-level military delegation from going to Quilali yesterday, but several contacts have been made in the past two months near El Zungaro security zone to seek total disarmament. Following the talks, which are not negotiations, "we will convey their concerns to the government so it can take measures and advance the disarmament of these forces," the military chief explained.

The recontra chiefs met on the afternoon of 26 July with members of the Segovia transportation cooperatives, who told the rebels that they needed to be able to use the roads without fear of being ambushed with their passengers. The recontras accepted the request.

As a result of those talks between the subversives and the northern area drivers, "Chacal" pledged to cease military operations in that sector, something "that constitutes a major step," Maj. Portocarrero said.

He added that there are groups outside the control of the "3-80 Front" that could be carrying out acts of sabotage and terrorism.

In Matagalpa yesterday, 20 rebels who were active near Magitaus and subordinate to the recontra chief "Chele Rafael" defected and surrendered their weapons to the BED to await the amnesty decree, Major Juan Alberto Molinares, chief of staff of the Sandinist People's Army [EPS] 6th Command.

The rebels were under the command of "Ala de Fuego" and "R-15," and they are the largest contingent of recontras to disband so far. Seven rebels had surrendered prior to that time.

Maj. Portocarrero said 70 rebels handed over their rifles in Ocotal on 27 July and received aid from an Italian agency. "The disarmament process continues, and today in Rio Blanco, Matagalpa, another 40 rebels will hand over their rifles," the military chief announced.

He added that in the El Tortugero area, in the Southern Atlantic Region, "El Toro," one of the last recontra chiefs in that area, surrendered with 15 rebels. On the night of 26 July the Army clashed with a group of 30 rebels in Namanji region, San Rafael del Norte, Jinotega Department. One soldier and two recontras were killed and three persons were wounded, Captain Osman Corea, chief of the 2d Battalion of the EPS' 6th Command, reported. Other military actions took place in La Sirena, east of Rio Blanco, when EPS troops clashed with rebels headed by "Wachara" and "Cara de Malo." Those are the same rebels who attacked bus owners and civilians in that area a few days ago.

Panama

Union Leaders Claim U.S. Payment to CSS Missing

PA2907172693 Panama City EL SIGLO in Spanish 27 Jul 93 p 60

[Report by Aneldo Arosemena]

[Text] A total of $30 million has literally "vanished." The U.S. Army Finance Office turned over this amount to the Social Security Fund [CSS] to pay off dues that remained unpaid during the three-year crisis caused by the Noriega regime. Now no one in the CSS can account for the money.

CSS leaders deny that there is any record of a $30 million payment by the U.S. Armed Forces to cancel the dues of 4,500 Panamanian employees who work on military installations in the Panama Canal area.

According to the accusation made public by leaders of the Local 907 Workers' Union, the U.S. Government stopped paying CSS dues for Panamanian employees from 1987 to 1989 as a result of the political and economic crisis caused by the Noriega military regime. This situation was rectified after the military invasion of 20 December 1989.

However, CSS records show no proof that this huge amount of money was in fact paid to the CSS.

Leaders of Local 907, which groups workers of the former Panama Canal Zone, have said publicly that by denying it received this money the CSS is committing a crime against some workers who are presently qualified to retire, but are not able to do so because there is no record of the dues paid to cover this period of almost three and a half years.

Dimas Rodriguez, Local 907 assistant secretary for social affairs, said that the labor union will send a formal letter to the U.S. Embassy's Economic Section to inform them that the Panamanian Government refuses to acknowledge the U. S. Armed Forces' payment of these millions to the CSS.

The U.S. Armed Forces Finance Office has paid off the last $15.887 million for worker dues to the CSS; however, the CSS denies it has received these millions.

Government Discharges Deputy Consul in Barcelona

PA3007044693 Panama City Circuito RPC Television in Spanish 2300 GMT 29 Jul 93

[Report by Fernando Fernandez]

[Text] The Panamanian Foreign Ministry issued an official communique on 29 July reporting that the Executive Branch had decided to discharge Victoria Uribe de Clubt, Panama's deputy consul in Barcelona, Spain, from her post for negligence. The communique added that on 22 March, Uribe de Clubt issued and signed a certificate authorizing the purchase of a weapons shipment allegedly in the name of the Panamanian Government. The shipment was part of an international weapon smuggling plan.

[Begin Panamanian Foreign Minister Julio Linares recording] I spoke to her sister, Mireya Uribe, and told her that I was asking the deputy consul to resign. I said that she would be fired if I did not receive her resignation by 29 July. Why? First, I do not want any misunderstandings about this matter. The deputy consul was fired because she did not quit by 29 July. However, that does not mean the Foreign Ministry believes she is involved in the case being investigated. The Foreign Ministry is not conducting an investigation. We want this to be very clear. We discharged Uribe de Clubt because we think she acted negligently when she issued a certificate stating that merchandise, which later turned out to be the foolish weapons, was for the exclusive use of the Government of Panama and was not to be reported. No consular official can make that type of statement on the government's behalf without receiving instructions from the proper authorities of the Republic of Panama.

[Unidentified reporter] [Question indistinct]

[Linares] Only one person at a time.

[Reporter] To request weapons, the Panamanian Government, through its Government and Justice Ministry, had to send the consul a formal request. Who is the Government and Justice Ministry employee involved in making the request?

[Linares] Ask Minister Chevalier.

[Reporter] This, however, also involves one of your officials. Do you have any additional information in that respect?

[Linares] No, I do not have information that any Panamanian official is involved in this matter. [end recording]

Eliezer Elisha Quintero, the Panamanian consul in Barcelona, requested that Foreign Minister Julio Linares

temporarily separate him from the post. He relinquished any privileges assigned to the post until the events and responsibilities in this case are clarified. Quintero has also requested that the attorney general investigate and clarify the case and that he investigate any other person or Panamanian Government official involved.

Colombian Rebels Kidnap Border Community Residents

PA3007005593 Panama City Circuito RPC Television in Spanish 2200 GMT 29 Jul 93

[Text] According to unofficial report received in Panama City on 29 July, approximately 150 Colombian guerrillas crossed the border into Panamanian territory and kidnapped residents of (Maturgandi) community. The information was provided by a neighbor of the community, who also reported the incident to Colombian authorities. Public Relations Director Daniel Alonso, spokesman for the National Police in Panama City, said that a police patrol has already been sent to Boca de Cupe to verify the information. He added, however, that the information is not considered very trustworthy, but will be investigated nevertheless. The Panamanian Police has informed its Colombian colleagues of the situation so if the report turns out to be true, they can join efforts to find the guerrilla group.

Argentina

Minister Conditions Participation in UN Forces

PY2907174493 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2233 GMT 28 Jul 93

[Text] Buenos Aires, 28 Jul (NA)—Defense Minister Oscar Camilion today conditioned the participation of new Argentine military contingents in UN peace keeping missions to the international organization's financing of the missions.

Camilion said: "President Carlos Menem has already decided" regarding the participation of Argentine troops in a peace keeping mission in Cyprus. He made it clear that "the financial aspect has still to be worked out with the United Nations."

The minister said the new detachment that will travel to the former Yugoslavia (Argentine Army Battalion BEA IV) will be deployed in a "hotter" zone: the Croatian region of Krajina.

The defense minister said this shortly after installing new Border Police Director General Timar Musumeci.

La ceremony that also served to commemorate the 55th anniversary of the Border Police creation took place at the main square of the General Martin Miguel de Guemes National Border Police School.

Camilion this afternoon travelled to the United States to participate in the presentation of the Argentine advanced training plane, the Pampa 2000, a possible replacement for the U.S. Armed Forces' old training planes.

Foreign Minister, Romania's Melescanu Discuss Economic Ties

AU3007055193 Bucharest ROMPRES in English 1453 GMT 29 Jul 93

[Text] Buenos Aires, ROMPRES, 29/7/1993—The priority mission of the foreign ministers of Romania and Argentina, Teodor Melescanu and Guido di Tella, for the period to come is to take concerted action to relaunch bilateral economic ties and stimulate investments, the foreign ministers of Romania and Argentina agreed on during an interview in Buenos Aires. The head of the Romanian diplomacy has accompanied Romania's President Ion Iliescu on a Latin American tour, the first country of which has been Argentina.

Talks were focused on what the two ministers of foreign affairs had to do in their countries in order to boost Romanian-Argentina relations. Each party informed the other on issues of first importance in their states and exchanged views on international issues.

The two high dignitaries pledged to meet again shortly, probably on the occasion of a visit the Argentina foreign minister was invited to pay to Romania.

Sign Bilateral Agreements

PY2907183593 Buenos Aires Radio Nacional Network in Spanish 1600 GMT 29 Jul 93

[Text] Argentine President Carlos Menem and his Romanian counterpart, Ion Iliescu, signed two agreements at noon today in Government House. One of the agreements is of an economic nature and the other for the elimination of visas in diplomatic and official passports.

After signing the agreements President Menem said:

[Begin recording in progress with simultaneous translation into Romanian] to open our doors to you and your delegation to continue to strengthen a friendship that goes beyond a common cultural bond. We are creating coexistence through ideas; we are creating a path of growth toward development, toward a new stage of change that means progress. Even before its constitution as a national state, Romania demonstrated a great cultural spirit throughout its history. Toward the end of the 16th century, Prince Michael the Brave had the responsibility of creating the first Romanian political union. The Latin origin of the Romanian language played an important role in achieving unity. [end recording]

This is part of the speech delivered by President Carlos Menem at noon today in the White Hall of Government House, where he signed the bilateral documents with Romanian President Iliescu. Menem's speech concentrated on Romania's cultural, social, and economic aspects and its relations with Argentina.

Before the documents were signed the two presidents held their second meeting since Iliescu arrived in Buenos Aires. Their first meeting was on 27 July in the Olivos residence.

After Menem's speech, Iliescu pointed out that Argentina plays an important role in Latin America and has become a leader due to the changes made. Iliescu pointed out the problems in carrying out development in Romania because of the situation inherited from the previous totalitarian regime. But he said the Romanian people are making a real effort for development in the free world.

Bolivia

Argentina's Cavallo Endorses Next President's Economic Plan

PY2907190293 La Paz Television Nacional Network in Spanish 1700 GMT 29 Jul 93

[Passages in quotation marks are recorded remarks by Argentine Economy Minister Domingo Cavallo]

[Text] Argentine Economy Minister Domingo Cavallo, after addressing representatives of the Bolivian political and economic sector, chatted with journalists about various economic issues.

In referring to the capitalization of public enterprises—which in many cases represents their privatization—Cavallo voiced his full support for the policy the government headed by Gonzalo Sanchez de Lozada intends to implement as of 6 August.

"We believe President Gonzalo Sanchez de Lozada's capitalization, as he calls it, plan is a very good idea. This plan entails making all Bolivians co-owners of the public enterprises to attract additional capital, better administration, and technology. Thus each and every one, through a method adjusted to his country's socioeconomic reality, is working to attain common objectives."

GATT obviously also was raised during the meeting with Cavallo:

"We are, in fact, buying and will continue to buy gas from Bolivia, but as of next year we will start exporting significant quantities of gas from the Neuquen basin, in southern Argentina, to Chile. In other words, a country can export and import at the same time. I believe this will be the case between Bolivia and Argentina."

Cavallo also referred to Mercosur [Common Market of the South] and almost asserted that it will not be long before Bolivia joins this subregional organization even though it belongs to the Andean Pact:

"We are going to continue negotiating, within Mercosur, with the Andean Pact, and I believe Bolivia may soon become a Mercosur member without having to yield what the Andean Pact offers it in the trade field."

We believe that all the Andean Pact member countries, together with the Mercosur member countries and also with Chile, can establish a free-trade zone that will include all South American nations.

Brazil

Economic Mission Report to IMF Shows 'Deterioration'

PY2907162293 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Jul 93 Section 1, p 7

[Article by Ivanir Jose Bortot]

[Text] The Brazilian negotiating team has sent the IMF a projection on Brazilian public finances showing a deterioration of the national picture during the second semester. Despite this, Finance Ministry advisers visiting Washington presented estimates that include a gradual drop in inflation to 26 percent by the end of December. The Brazilian mission is headed by Economic Policy Secretary Winston Fritsch who travelled to Washington on 23 July.

According to the figures obtained by FOLHA, the operational deficit (revenues minus expenditures, considering exchange rate variations and inflation on internal accounts) will reach 3.18 percent of the GDP [gross domestic product] this year. Using the primary concept (counting only revenues and expenditures) the government expects to obtain a surplus of 1.17 percent of the GDP by December. The figures consider the effect of changes in the salary policy on the public payroll and the interest on the domestic and foreign debt.

Former Finance Minister Eliseu Resende promised the IMF that the operational deficit would be eliminated during 1993 with a drop in inflation in the second semester. That forecast includes ending the year with 17-percent inflation rate.

Finance Minister Fernando Henrique Cardoso's team is projecting a gradual drop in the inflation rate: He forecasts it at 29.5 percent in August, a drop of 1-percent per month in September and October, and a smaller reduction of 0.5 percent during the last two months of the year. The team estimates that inflation will be 26 percent in December.

The Central Bank has reported that, despite the pessimistic estimates, states, municipalities, public companies, and the central government balanced their accounts during the first semester of 1993. The Federal Government public accounts balance is due to a 34-percent increase in tax collections in real terms during the period. State companies balanced their accounts thanks to a policy of utility rate adjustments.

The Central Bank forecasts a primary surplus of 3.85 percent of the GDP and a operational surplus of 2.03 percent for the Federal Government, states, municipalities, and public companies during the first semester. This show that the estimated deficit will increase.

The rescheduling of state and municipal debts will produce a disbursement of resources during the second semester; this did not occur during the first semester. Because of these disbursements states and municipalities will have an operational deficit of 1.7 percent of the GDP this year.

The economic team is planning to make large disbursement of resources to pay interest on the public and foreign debts. The team must also consider the effects of the new salary policy on social security benefits. The joint effect of these factors should provoke a 1.84 percent operational deficit to the federal government. Public companies will have an operation surplus of 0.36 percent of the GDP this year.

* Sectors Mobilize To Influence Constitutional Revision

93SM0353A Sao Paulo VISAO in Portuguese 23 Jun pp 10-13

[Article: "Where Does the Average Citizen Come In?" by Joao Sampaio]

[Text] The Constitution of the Federative Republic of Brazil, promulgated on 5 October 1988, is still a work in

progress. The National Congress has not yet been able to pass all the complementary laws that would make it complete. Even so, now that five years have passed since its promulgation, the text will, as the Transitory Provisions Act stipulates, undergo a revision. Some people say this will complete it; others say it will restrict it. There is only one point on which all the theoreticians agree: only the provisions considered "carved in stone" cannot be touched. These are the articles that define the Federation; require direct, secret and universal suffrage; provide for the separation of powers; and stipulate individual rights and guarantees. But there are some who argue that the revision should be limited to the results of the 21 April plebiscite. They say that now that the public has expressed its opinion that the Republic and the presidentialist system should be retained, there is nothing to change. And, finally, there are others who say that the 1988 Constitution can be amended only to perfect the presidential system—for example, to correct the distortions in popular representation in the Chamber of Deputies.

Differences of Opinion

These theoretical statements will either have to be accepted by the Congress or resolved by the Federal Supreme court which, in the final analysis, is the most legitimate interpreter of the law. "Until that happens, everything that has been said is just speculation, no matter how well-supported by distinguished legal minds the advocates of the different theories may be," joked former Speaker of the House Ibsen Pinheiro (PMDB [Brazilian Democratic Movement Party], Rio Grande do Sul), one of Brazil's most respected legislators.

As he sees it, when all is said and done, the Constitutional revision will center on three basic points: redefinition of the role of the State, changes in the economic area, and a reform of the electoral and political party system. "Anything else will be just window dressing," declared Ibsen, speaking with the experience of one who was in charge during one of the "hottest" phases of the legislative debate (1991-1992) and a member of the Constituent Assembly in 1988.

Most of the legislators are determined to adhere to the date stipulated in the Constitution—6 October—for the start of the revision. And one thing is certain: if the minorities identified as the "radical nationalist Left" and the "retrograde Right" cannot be isolated, then the revision is unlikely to be a success.

By isolating those groups, the legislators hope to prevent the emergence during the constitutional revision, as a result of ideological polarization, of another Broad Center Coalition [*Centrao*], that supra-party group of conservative tinge whose purpose was to curb the "threat" of leftist domination during the drafting of the 1988 Constitution. "Such radicalization could lead the Left to socialize the Atlantic Ocean and the Right to privatize the Armed Forces," said Ibsen, sarcastically.

Along those lines, the PMDB, PSDB [Brazilian Social Democracy Party], and PFL [Liberal Front Party] delegations—and even the administration's leaders in the Chamber and the Senate—are working to build a consensus on the bylaws and the agenda for the revision. "Our goal is to build an axis that will operate within a broad band of consensus and thus disinfect the revision by eliminating ideological debate," explained Deputy Gustavo Krause (PFL, Pernambuco). The timetable sought by PMDB, PFL, and *tucano* legislators calls for the work to be done by the end of this year, thus keeping the revision from dragging on into the 1994 election campaign.

So far, the arrangements for this understanding do not involve the PT [Workers Party], which argues that the current Congress does not have the legitimacy necessary to revise the Constitution (see box). Deputy Jose Genoino (PT, Sao Paulo), one of the most lucid leaders of the party because of his skill in handling internal procedure and his balanced approach to promoting the understanding in the Chamber, regrets that his party has taken this position. The PT theory, from which Genoino dissents, is shared by Leonel Brizola's PDT [Democratic Labor Party], which fears the destruction of the government monopolies, and by the PCdoB [Communist Party of Brazil], which has allied itself with the progressive sectors of the Church; both are worried about preserving the social victories achieved during the Constituent Assembly.

In defense of the PDT position, its leader in the Chamber, Rio de Janeiro Deputy Luiz Salomao, said that "it makes no sense for lame-duck legislators to paralyze the country with a revision of the Constitution when what people want is a resumption of growth." But he heard a snappy comeback from deputy and jurist Nelson Jobim (PMDB, Rio): "If the next administration were to spearhead the revision instead of working to earn the trust of investors, we would not get any investment until 1997 and will have lost another decade."

Conquests

The concern of the left-of-center wing in the Congress about the social conquests of the 1988 charter has made Bahia Deputy Genebaldo Correia, PMDB leader in the Chamber, take a conciliatory approach. To him, what matters is that the task of reforming the Constitution does not substantially alter the social gains, because they are what generate the most controversy and fear of regression. "Our goal is to work with all the parties to trim down the Constitution, always being careful to avoid impasses," said Correia, firmly. The same position is adopted by Senator Guilherme Palmeira (PFL, Alagoas) whose party has gotten ahead of the game by sending a 48-question survey to all party and legislative leaders, covering the major controversial points of the Constitution.

Meanwhile, the PSDB is attempting to take a strategic approach. After a lengthy breakfast meeting last week

with former Minister Jorge Bornhausen, the PFL's coordinator-general of revision studies, Deputy Sergio Machado (Ceara), the tucano representative, explained the tack his party will take: "Only after surveying the positions of the majority in each party will we negotiate a common, consensus, agenda." Those negotiations will determine which points are negotiable and which will be decided during the voting.

[Box p 10]

What Might Be Changed in the Constitution

Here are some of the topics that will be discussed during the revision and would have a direct impact on the average Brazilian:

- *Retirement* The so-called "special retirement rules," such as retirement after 25 years of service for teachers and 30 years for judges, will probably be dropped. Under study is a new formula that combines age with number of years of social security contributions.
- *Social rights* The ones in Chapter 2 [as published] of the Constitution are part of the "individual rights and guarantees" that the text defines as "carved in stone." Therefore, they are not subject to modifications.
- *The Economy* The definition of what is a Brazilian company, and the issue of nationalization of the subsoil, will be revisited. Also to be discussed is the deletion from the constitutional text of criteria such as the protection of a given sector or its exposure to international competition.
- *Federation* The presidentialist republican regime, upheld by the plebiscite, will be perfected by correcting the errors in the way the states are now represented in the Chamber of Deputies.
- *Taxes* The chapter on the tax system needs to be simplified. Under study is the idea of retaining only the basic principles—universality and "annuality" [meaning that neither a new tax nor an increased tax can be levied in the same year as it is enacted]—leaving the details to a tax reform to be accomplished by ordinary law rather than within the Constitution.
- *Civil Service* Government employee tenure is likely to be abolished, and priority will be given to the criterion of competitive entry and establishment of a career ladder as a means of curbing patronage.
- *The Judiciary* A new organ to oversee the Judiciary Branch, and a new reform plan to expedite justice in Brazil are likely to be created. This proposal will encounter pressure from the powerful lobby maintained by the judiciary for purposes of influencing legislators.
- *Internal Relations* The division of responsibilities among the federal government, the states, and the cities will be revisited so that after the expenses of each level have been determined, the revenues can be addressed.

Noncontroversial

Despite all the concerns expressed by political leaders about the controversial aspects of the Constitution that might create problems during the revision, the administration's leader in the Chamber, Pernambuco Deputy Roberto Freire (PPS) [People's Socialist Party], believes that as a whole, the work will progress at a good pace, because so many points are considered by most of the delegations to be noncontroversial. To Freire, it will be possible to build a consensus provided those responsible for it do not try to get too fancy. "The Congress has changed because the world has changed," said Freire. He cites the question of civil service tenure as one of the changes that legislators have already signalled that they may be willing to make during the revision.

In the opinion of the administration's leader, there are two aspects that muffle controversy: one of them is the nature of some topics in the Constitution "the content of which is typically found in ordinary legislation." The other is the possibility that some issues may no longer be relevant "because reality has shown they cannot be implemented." In the specific case of civil service tenure, Deputy and former Minister of Finance Gustavo Krause has concluded that "a social right is respected only if the economy can absorb it." Krause thinks that another point that may be modified is the 12 percent per annum ceiling on interest rates. "The revision will simply sign the death certificate confirming its demise from natural causes," he stated.

Other concepts that need to be revised by the congressmen, in the opinion of Freire and Krause, are the definition of a Brazilian company and the nationalization of the subsoil. Some aspects of the administration's economic policy are also likely to be taken out "because they are not permanent rules, but circumstantial ones."

And the Average Citizen?

And what about the Brazilian people, the ones who have the greatest stake in the Constitution, which is nothing less than this country's great social pact, where do they come in? During the drafting of the 1988 charter, the public played an important role by submitting the so-called "people's amendments," many of which were incorporated by the rapporteurs. The question is already being discussed by the legislators at the informal meetings they are holding to decide on the rules that will guide the revision process. Freire acknowledges that: "In principle, the inclination is toward keeping the provision in the by-laws of the Constituent Assembly that permitted those people's amendments."

But since the PMDB, PSDB, and PFL, which have spent more time on the matter, plan to develop an agenda that would finish the work by the end of the year, some Congressional sources believe the concept of "people's amendments" will be discarded. "Revising means seeing that the accepted parts survive the revision," said Deputy Nelson Jobim. Otherwise, "we will be writing a new Constitution, which we are not authorized to do."

At any rate, organized sectors of society are already mobilizing to influence the constitutional revision. Abram Szajman, president of the Sao Paulo State Federation of Commerce, has met with politicians, businessmen, and political and social scientists. He urges them to tackle what he sees as key points: "the debureaucratization of the tax system, and a definition of the relationship between individuals and the State." Szajman believes the tax system must be simplified by cutting the number of different taxes and broadening the revenue base. "This is achieved by a rationalization between the taxes levied and the portion of the population that is able to pay them." The leader of Sao Paulo's merchants also believes it is important to simplify relations between the citizen and the State, since "the excessive detail in the present Constitution distances the law from the everyday social realities of this country."

Mobilization

The Sao Paulo State Federation of Commerce is not the only organization that is encouraging debates on the constitutional revision. In that same vein, the Sao Paulo State Federation of Industries, the Attorneys' Institute, CUT [Sole Workers Center], and Union Strength are just some of the institutions that are getting ready by holding debates, or even drafting proposals to send to the Congress through legislators from different parties. Even the UDR [Rural Democratic Union], which during the 1988 Constituent Assembly put together one of the strongest lobbies in order to guarantee passage of provisions of interest to landowners, has already mobilized.

According to national UDR President Roosevelt Roque dos Santos, the entity plans to spend Cr$100 billion [cruzeiros] during the revision, to put pressure on deputies and senators. To raise those funds, the UDR—which during the Constituent Assembly brought Brasilia to a standstill with a caravan of tractors and farm vehicles—is holding cattle auctions all over the country. "The money will be used to finance activities in defense of the interests of landowners and will cover the travel, lodging, and meal expenses of mobilizing the interested parties," Roosevelt explained.

So far, three auctions out of a planned 20 have been held. The most recent, held on Saturday, 12 June in Aracatuba (Sao Paulo), raised Cr$1.7 billion from the sale of 250 cattle for breeding and fattening. The next one is scheduled for August, in Sao Jose do Rio Preto (Sao Paulo). Other auctions will be held in Parana, Mato Grosso, Para, Ceara, and Rondonia. The biggest worry expressed by UDR leaders and members is that changes will be made in the constitutional provisions on agrarian reform.

Revision

But before the constitutional revision becomes a reality, there is an important question to be resolved, one raised by renowned jurists and embraced by political parties and by individual legislators. Should there be a revision? Will it be comprehensive, restricted, or be limited to what was decided in the plebiscite on the system and form of government held on 21 April? To Manoel Goncalves Ferreira Filho, a jurist and former lieutenant governor of Sao Paulo, "everything is open to change, except what the Constitution itself deems untouchable, i.e., the parts that are 'carved in stone' and listed as such in Article 60, paragraph 4, of the 1988 document."

This theory is also embraced by jurist Celso Bastos and backed by the PFL, PTB, and PPR [Progressive Renewal Party]. Meanwhile, Miguel Reale Junior, professor of criminal law at USP (University of Sao Paulo), advisor to the PMDB and to the PSDB, of which he is a member, believes that "there are some lines that cannot be crossed in the revision, i.e., the so-called 'carved in stone' clauses, among which are the inalienable rights and the social rights of the citizen, since they are an expression of an important facet of man, which is work." This assessment is shared by jurist Fabio Konder Comparato, professor of constitutional law at USP.

The discussion goes far afield, since other jurists—such as Ives Gandra da Silva Martins, professor of economic law at the Mackenzie University, and Jose Afonso da Silva, full professor of constitutional law at USP—take a broader view of the revision. According to them, "it can change practically anything, and if you do not opt for a revision, then all you need are amendments to the Constitution." Other professors of constitutional law disagree on that point: Geraldo Ataliba of USP and Evaristo de Moraes Filho of the University of Rio de Janeiro State, for example. To them, "the revision is restricted to the results of the 21 April plebiscite. Since that vote brought no changes—the republican regime and presidential system were maintained—there is nothing to change in the Constitution."

This theory has been adopted by the PT, PDT, and PCdoB. With some modifications, Joao Roberto Piza Fontes, president of the Sao Paulo section of the OAB (Brazilian Bar Association), and Celso Antonio Bandeira de Mello, professor of administrative law at PUC (Pontifical Catholic University of Sao Paulo) admit that the revision really is tied to the plebiscite. "Since the presidentialist republic emerged victorious, the legislators can legitimately change only provisions that pertain to the system of government, thus perfecting the presidentialist system." The conflict of legal theories will end up sending the issue to the Federal Supreme Court—as the PT wants to see happen (see box)—for a final decision on this point of jurisprudence. Only then can the work of revision by Congress get the green light.

[Box p 12]

PT Wants To Block Revision

The theoretical discussion on the reform of the Constitution that is supposed to begin in October may not occur. At least the Workers Party is going to attempt to block it, using Federal Deputy Helio Bicudo. "We are

going to go to the Supreme Court with a direct suit alleging unconstitutionality," explained Bicudo, who has the backing of the party's delegation in the Chamber of Deputies and the approval of the PT's National Encounter. According to the PT's leading lawyer, who cites opinions by jurists Geraldo Ataliba, Paulo Bonavides, and Evaristo de Moraes Filho, the suit will be filed as soon as Congress officially adopts 6 October as the date for the start of the revision efforts.

According to Bicudo, the PT plans to base its suit on two arguments: one legal, the other political. Legally, the PT will allege that the Transitory Provisions Act ties the article on the constitutional revision to the results of the 21 April plebiscite. The revision would only be justified had the consultation of the voters modified the system or form of government. Since everything was left the same, there is nothing to revise in the Constitution. The political argument states that Congress cannot legitimately function as a revising assembly since the deputies were not elected for that purpose and are nearing the end of their terms. In the PT's opinion, the voters will have a chance in 1994 to choose legislators capable of promoting a reform on the basis of the proposals they present during the election campaign. The PT's plans are not supported by the majority in Congress.

[Box p 13]

"A Citizen's Constitution"

The Constitution promulgated on 5 October 1988 was termed "a citizen's Constitution" by the late Deputy Ulysses Guimaraes (PMDB, Sao Paulo), who presided over the National Constituent Assembly, because it gave priority to the Brazilian people's rights and duties of citizenship. But Ulysses died on 12 October 1992 before he could see "his" Constitution fully regulated. Now that five years have passed, some of the principal points that require complementary legislation still have not attracted the attention of the Congress. But to some legislators, such as Deputy Amaral Netto (PPR, Rio de Janeiro), this is no longer necessary. "The Constitution is full of flaws, it is hypocritical and hermaphroditic, it is unfit to serve as a guide for a country that wants to develop, as Brazil does." Although ideologically situated in a position antagonistic to that of Amaral Netto, Deputy Augusto de Carvalho (PPS, Federal District) agrees with him on at least one point: "In the past five years, the climate has been inauspicious for the regulation of the Constitution." Former President Collor, by sending the Congress the "Super Amendment" [*Emendao*] at the end of 1991, gave the legislators an opportunity to discuss changes in the document. However, the scandals that led to the CPI [Congressional Investigating Committee] on PC Farias (which culminated in Collor's resignation) torpedoed that chance. The advent of the Itamar era also caused a postponement in enactment of complementary legislation.

* Increase in GDP of 3.5 Percent Projected in 1993

93SM0336B Sao Paulo GAZETA MERCANTIL in Portuguese 29 Jun 93 p 3

[Article by Vera Saavedra Durao: "GDP Will Rise 3.5 Percent in 1993, IPEA Predicts"]

[Text] Rio de Janeiro—Brazil will end the year with a gross domestic product (GDP) 3.5 percent higher than it was in 1992 (when that indicator showed a drop of 1 percent from the previous year), according to the latest projection by the Institute of Applied Economic Research (IPEA) in its CARTA DE CONJUNTURA for June. This will mean an increase of 1.5 percent in Brazil's product per capita. "It has been three years since we had an increase in the GDP per capita," commented Claudio Considera, head of the institute's economic analysis group.

According to the IPEA's calculations, industry should grow by 4.7 percent this year, with agriculture expanding by 3 percent and the service sector by 2.6 percent through December. The institute points out that productive investment is involved in that process of economic recovery. Proof of this can be seen in the fact that capital goods production in 1993 is expected to be 10.7 percent higher than in 1992. Consumer goods will increase by 13.2 percent, with particularly strong growth in durable goods (34 percent).

Gross Domestic Product*

Actual	Estimated	Forecast		
Sector of activity	1st Qtr 93	2d Qtr 93	3d Qtr 93	4th Qtr 93
Total GDP	-1.0	0.1	2.8	3.5
Agriculture	4.7	3.1	3.1	3.0
Farming	5.2	3.0	3.1	3.4
Stockraising	4.1	3.2	3.0	2.3
Industry	-3.8	-1.3	3.5	4.7
Processing	-4.0	-1.0	4.7	5.8
Construction	-5.7	-5.1	-0.3	0.7
Other	-0.4	1.2	1.4	2.7
Services	-0.2	0.5	2.0	2.6

Gross Domestic Product* (Continued)

Actual	Estimated	Forecast		
Trade	-1.9	0.2	4.8	5.7
Transportation	-0.6	1.5	4.8	7.3
Other	0.5	0.5	0.6	0.8

* Accumulated rate of change in four quarters.

Source: Brazilian Institute of Geography and Statistics; analysis by IPEA and DIPES [expansion not given].

That rate of recovery is being fully confirmed by the National Confederation of Industries (CNI). In its monthly analysis, the CNI states its belief that only strong inflationary acceleration will be capable of "obstructing" the strong trend toward a recovery of economic activity. Continued growth in industrial employment would signal a continuing process of recovery. Data available from a number of sectoral associations as related by the CNI in its report show that vehicles, crude steel, plastic packaging, and paper and paperboard experienced a rise in sales and production in May in comparison both with April of this year and with May of last year.

According to the analysis by the CNI's economists, the current recovery has taken place in a context of deregulated prices and slowly accelerating inflation, a circumstance that differentiates it from other cycles following price freezes. The continuation of that macroeconomic behavior will depend, according to the CNI's publication, on the progress of the government's fight against inflation.

Economic Conditions

In its editorial, the CARTA DE CONJUNTURA applauds the Immediate Action Plan (PAI) instituted by Minister of Finance Fernando Henrique Cardoso but warns of the need to implement it by adopting a heterodox policy of some sort. Claudio Considera rules out the idea of "shocks" but calls attention to the predetermination of prices and wages through a pact as being a "good step." Considera feels that an income policy will be necessary to reduce the social impact of a possible deepening of the recession due to the budget cuts.

In the IPEA's opinion, merely reorganizing the public sector's accounts will not be enough to bring inflation down to levels compatible with a sustained resumption of growth. "We do not even believe that it is possible, at the current level of inflation, to carry out a complete adjustment of public accounts. Inflation rates of 25 or 30 percent per month make it difficult to adjust the price of public services without having a significant impact on inflation," says the CARTA DE CONJUNTURA. Claudio Considera says that the policy of predetermination—a factor reducing the effect of past inflation, for example—should also be applied to the price of public services.

The beginnings of a thoroughgoing tax reform are applauded in the Ministry of Planning's publication because they "alter expectations and, consequently, the decisions made by businessmen by creating conditions more favorable to the fight against inflation." But distrust concerning the tax reform's effectiveness against inflationary inertia is obvious in the CARTA DE CONJUNTURA when it points out that "at some point inflationary inertia will become the most important obstacle to continuation of the stabilization process because it will make the social cost too high." The IPEA advocates measures in addition to the PAI for the purpose of reducing inflation more quickly but feels that it is difficult to predict the most appropriate moment for adopting those measures.

In its economic report, the National Confederation of Industries also expresses fear concerning the fate of the reform plan put together by the team in the Ministry of Finance, saying that the fact that the Chamber of Deputies approved monthly wage adjustments one day after passing the IPMF [Temporary Tax on Financial Transactions] "makes tax reform impossible and will cause inflation to accelerate markedly."

The CNI is concerned mainly about the real increase of 3 percent in the minimum wage. It also foresees price stabilization in July, but points out that the continuation of favorable conditions will depend on the impact of the period between harvests and on the "confirmation of expectations regarding the effectiveness of the economic policy."

* Members of Franco's Inner Circle Profiled

93SM0348A Rio de Janeiro MANCHETE in Portuguese 3 Jul 93 pp 20-22

[Article: "The President's Team" by Melo Filho]

[Text] All presidents of Brazil have had their own teams of trusted aides working with them in their governments: from the time of Dutra, with his famous Kitchen Cabinet *[Copa e Cozinha]* (composed of Vitorino Freire, Novelli Junior, Mauro Renault Leite, and Georgino Avelino), to the military governments (Golbery, Heitor Ferreira, Carlos Alberto Fontoura, Carlos Atila, Luiz Vianna Filho, Octavio Costa, Rubem Ludwig, Humberto Barreto, Leitao de Abreu, Ernani D'Aguiar, Octavio Medeiros, Jayme Portella, Tancredo Jube, Danilo Venturini, Rondon Pacheco) and, more recently, the Republic of Alagoas and Team Itamar. These are a president's closest aides, the ones he needs around him 24 hours a day to keep him company and ward off

loneliness. Men of complete confidence, they share presidential intimacies and private lives. They are on hand for victories and happy occasions, but also at times of defeat and sadness.

President Itamar Franco brought with him from Juiz de Fora some advisors whom he trusts completely: Henrique Hargreaves (Civilian Household), General Fernando Cardoso (Military Household), Mauro Durante (Secretary-General of the Presidency), Jose de Castro Ferreira (General Counsel of the Republic, and Advocate General of the Union), now president of Telerj [Telecommunications of Rio de Janeiro]—all of them members of the Republic of Juiz de Fora. Another Minas native has been added to the list, but he is from Manhuacu: Senator Mauricio Correa, minister of justice.

Henrique Hargreaves (Chief of the Civilian Household)

This is a job which, by its very nature, is very hard on whoever holds it. The Civilian Household is a funnel that winnows out almost all the problems before they reach the president's desk. The current chief has several times been mentioned as being the next one whose head will roll, as happened in the dismissals of Paulo Haddad and Luiza Erundina, "a very homely woman." But he has emerged from these close calls stronger than ever, and more highly regarded by Itamar, a connoisseur of the services that Hargreaves renders with efficiency, dedication, and hard work for more than 16 hours a day. In addition to his routine duties, he has been given some important assignments: coordinating the administration politically, supervising the distribution of official publicity, and commanding the entire process of distributing second- and third-echelon government jobs.

This Minas Gerais native, born in Juiz de Fora 56 years ago and educated in law, business administration, and economics, has been a typist, an Army noncom, and an advisor to the PFL [Liberal Front Party] leadership in the Chamber, which he entered more than 30 years ago after passing a competitive examination. He was also a deputy chief of the Civilian Household in the Sarney administration, and it was his job to handle all relations with the Congress, whose delegations he knows like the back of his hand. He became a crackerjack on rules questions, legislative techniques, voting tactics, constitutional interpretations—a man able to find "a way" between the lines of every regulation.

All this experience and know-how have been successfully tested in historic votes, such as the one that gave Sarney a five-year term of office.

His only hobby is flying ultralight aircraft (he owns two, a Flyer U-2849 and another that can land on water), and it is one he pursues almost every weekend in Brasilia, usually before 0700 and after 1700, because he thinks the atmosphere in the 10 intervening hours is hazardous to his little plane. President Itamar has been his passenger. "When I am up in the air, I forget the problems on earth and can look at Brasilia from a long way off," says Hargreaves.

He has gotten out of some tricky situations, such as forced landings, even one in the garden of Alvorada Palace, and others on nearby highways. But when it comes to crashes, he is still a virgin.

Mauricio Correa (Minister of Justice)

It was General Newton Cruz who thrust Correa onto the national scene. While president of the Bar Association of the Federal District, where he was to stay safely for eight years, Correa withstood the invasion of the association's headquarters by Cruz, then the military commander of the Planalto, during the reign of the Emergency Measures decreed by the Figueiredo government. He was committed heart and soul to the campaign for "Direct Elections Now!"

A graduate of the Minas Gerais School of Law, this *mineiro* from Manhuacu, now 58, gained by that resistance a senatorial seat representing Brasilia, after running for office on the PDT [Democratic Labor Party] slate and garnering the most votes.

In the Senate, he got to know Itamar, who was vice chairman of the Congressional Investigating Committee on Corruption. While serving with distinction on that committee, the two forged a friendship that has only become closer since then.

He worked passionately in the Constituent Assembly as a member of the Committee on Organization of the Branches and System of Government, and saw the presidential system he favored emerge victorious. He would distinguish himself again, as vice chairman of the Congressional Investigating Committee on the PC Farias affair. And when the first evidence of President Collor's involvement with his campaign treasurer came to light, he immediately declared himself in favor of the president stepping down, at a time when several others from his party were still hesitating.

Now, at the Ministry of Justice, he has jurisdiction over all kinds of problems, from the Indians to public safety, the drug traffic, smuggling, prison conditions, the Federal Police, the Highway Patrol, the institutes of criminology and identification, traffic, human rights, protection of the economy, the rights of women, narcotics, torture, weights and measures, the national archives and printing houses, the numbers game, special magistrates, the constitutional revision, separatism, and censorship.

He still finds time to do political contact work and to defend President Itamar, on television, from accusations during the privatization of the steel mills. He ran for governor of the Federal District in 1990, but did not make it. He will try again next year.

General Fernando Cardoso (Chief of the Military Household)

From the same city as the president, born 55 years ago in Juiz de Fora, the chief of the military household was handpicked by Itamar, who already knew him from his

hometown. Cardoso is an intelligence officer who once headed the training section of the ENI [expansion not given], was an assistant to General Octavio Medeiros, then chief of the SNI [National Intelligence Service], and eventually himself headed the Army Intelligence Center (CIEx), which he left to assume his present position as head of the president's military household.

He was promoted to the rank of general on 31 March 1992, and given command of the 4th Motorized Infantry Brigade of Belo Horizonte.

He was educated at the Agulhas Negras Military Academy, went through the Officer Advanced Training School and the Army Staff College, and has been awarded several decorations: the Order of Military Merit, the Order of Rio Branco, and the Peacemaker Medal; as well as the First of August Commendation, awarded by the People's Republic of China, when he was military attache in Beijing, which he says was a marvelous experience.

Cardoso is married, discreet and, like a good intelligence officer, listens more than he talks. He is a moderating and conciliatory presence on Team Itamar. He has survived, unscathed, all the recent political crises and friction.

Mauro Durante (Secretary General of the Presidency)

Durante is 48. He was Itamar's chief of staff in the vice president's office, having replaced Luciana Leoni Ramos, wife of Pedro Paulo Leoni Ramos. And he held the same job when Itamar was mayor of Juiz de Fora. He was also special advisor to Marco Maciel when the latter was minister of education.

Holder of a law degree, he is married and has a daughter.

He has witnessed all the contacts and gone along on all the trips with Itamar who, when he became convinced of the inevitability of his becoming president of Brazil, assigned Durante to gather all the information he could find on the country's economic and political situation.

It is said that few people understand Itamar as well as Durante does: it is his job to lighten, as much as possible, the burden of duties and responsibilities that now rest on the presidential shoulders.

He took an active part in the transition between Itamar's vice presidency and his inauguration as president, making contacts and serving as liaison, thus enabling Itamar to shift from one phase to the next with a minimum of turbulence.

Shortly after being sworn as secretary general of the presidency, Durante had to assume, temporarily, the additional duties of secretary of the Federal Administration, because the new president was displeased with a statement made by the deputy secretary to the effect that there were 90,000 vacancies in the civil service, and wanted to replace him immediately.

Jose de Castro Ferreira (General Counsel of the Republic and Advocate General of the Union)

Initially, they were opponents in Juiz de Fora city politics. But later they buried the hatchet and Jose de Castro became Itamar's lawyer.

During the initial months of the current administration, he was, of all the Itamar team, the president's most influential friend and advisor. He was general counsel of Brazil and shortly thereafter added the title of advocate general of the Union. So much power concentrated in one pair of hands would, of course, ultimately generate reactions, envy, and intrigue.

Jose de Castro Ferreira could not shake these off. He clashed with other members of Itamar's team. He was blamed for the dismissals of Minister Paulo Haddad and the president of the BNDES [National Bank for Economic and Social Development].

That loss of prestige coincided with his desire to return to Rio de Janeiro, where his family had stayed. He had worked himself to the brink of exhaustion. He had promised Itamar that he would stay in Brasilia only until the economic plan was announced. He was colliding head-on with Alexandre Dupreyrat Martins, who is also very close to Itamar and would end up replacing Jose de Castro as advocate general.

For several days he pressed the president to accept his resignation. And an auspicious moment arrived when the post of Telerj president became vacant. Jose de Castro was installed in that job at a ceremony attended by Hargreaves, Mauro Durante, and Jamil Haddad.

Despite his commitments in Rio, he is still a regular visitor to Planalto Palace, in Brasilia.

Chile

Tariff Agreement Ends Commercial Controversy With Argentina

PY2907180293 Madrid EFE in Spanish 2230 GMT 28 Jul 93

[Text] Santiago, 28 Jul (EFE)—Chilean Economy Under Secretary Alvaro Briones today announced that Argentina has lifted the surcharge on 427 Chilean products and also granted preferential tariffs for another 1,880 products.

Briones stated that the agreement was signed in Buenos Aires yesterday thus ending the controversy between the two countries as a result of the increase of the so-called "statistics tariff," a tariff on exports imposed by the Argentine Government.

Briones, who returned from Buenos Aires today, stated that the preferential tariffs granted by Argentina—50 percent of the tariffs currently in force and that will be implemented as of 1 August—cover 40.6 percent of the Chilean exports to Argentina.

Briones explained that the Argentine measure makes up for the damage caused to Chilean exports affected by the increase from 3 to 10 percent of the statistics tariff. This tariff was contradictory to the Economic Complementary Agreement signed by the two countries in August 1991.

Among the 427 products on which the statistics tariff will not be paid are copper, nuts, some sea products, and domestic appliances.

Briones said that as of 1 January 1994 Chile will grant a 30 percent preferential tariff on the tariff currently paid on 837 products imported from Argentina, which in 1992 represented $66 million. Among these products are spare parts, machinery, chemicals, medicines, and aluminum sheets.

The Chilean under secretary explained that as the statistics tariff gradually drops from its current 3 percent, the preferential tariff granted by Chile for 837 Argentine products will be reduced by up to 50 percent of the current level.

The agreement was reached after seven months of negotiations and within the context of the mechanism to solve controversies of the Economic Complementary Agreement.

The agreement was signed during a special meeting of the Treaty Administration Council [Consejo de Administracion del Tratado], that ended in Buenos Aires yesterday.

The conflict surfaced as a result of the so-called "Cavallo-2 Plan," which was implemented in 1991 and increased the statistics tariff on all products entering Argentina in order to stop the large flow of imports, reduce the commercial deficit, and increase the Treasury's income.

In 1992, Chilean-Argentine trade amounted to $1.095 billion and in 1993 it is expected that Chilean exports to Argentina will surpass $600 million.

Colombia

* 1994 Budget To Exceed 1993 Figure by 21 Percent

93P20225A Santa Fe de Bogota LE ESPECTADOR in Spanish 10 Jul 93 p B1

[Text] The Colombian state will spend 14 trillion pesos next year, a figure 21-percent higher than the 1993 figure which exceeded 11.3 trillion pesos.

Investment on infrastructure and social development projects will total 2.5 trillion pesos representing a 17-percent increase over 1993.

A total of $1 billion—some 850 billion pesos—will be earmarked for the oil project located at Cusiana in Casanare Department.

Construction of the pipeline to transport oil from those sites will be undertaken by the private sector.

Of the entire budget of 14 trillion pesos, some 9 trillion will be for the central government and 5 trillion for decentralized organizations and programs.

The income and spending plan for 1994 will be subject to adjustments inasmuch as during the latest meeting of the Council for Economic and Social Policy (Conpes) President Gaviria told them to restrict and optimize spending to prevent a large increase in the fiscal deficit in the coming year.

According to the way the national budget was initially planned, the deficit would have grown by the equivalent of 3 percent of the gross domestic product.

In contrast to what is commonly believed, the Colombian state is much larger today since, as a result of the constitutional reforms, not only were new institutions created, but the state also has new responsibilities in the area of social spending.

Some 2 trillion pesos will go toward financing the internal and external public debt.

Spending on security and justice will continue to be a priority, as will investment on social projects.

The 1994 fiscal deficit will not be permitted to exceed 1.5 percent of the gross domestic product. Tax earnings are estimated to increase an average of 25 percent, six points above the target for inflation.

Paraguay

Outcome of Experts Meeting on Pilcomayo River Viewed

PY2907201593 Asuncion HOY in Spanish 29 Jul 93 p 12

[Text] The Argentine thesis finally prevailed and the diversion channel opened in Formosa Province will thereby not be closed. Argentine and Paraguayan experts have advised their governments to open a diversion channel in Paraguayan territory to have a balanced distribution of the Pilcomayo River flow on both banks.

From the very beginning, the representatives of Menem's administration were against closing the channel. They contended that it would be better to improve the irrigation ditch on the left bank of the river.

This means that negotiations between Argentines and Paraguayans boiled down to their going round in circles and that they ended up by returning to the starting point, which was rejected by Paraguayan experts in November 1992. Argentines would only make some corrections in the channel. They propose opening another diversion channel in the Paraguayan Chaco region so that part of the flow when the river is at low-water may reach that region.

The opening of a channel on the Paraguayan side entails the implementation of the controversial "trousers" project, which was rejected by the Paraguayan Government when it was put forward by Argentina. The project envisages the construction of a cut-off dike and locks in the medium term so that water coming from the high basin may be equitably distributed by means of two spillways.

It must be pointed out that on three previous occasions both countries had agreed to implement the necessary corrective measures for the Pilcomayo River. Paraguay contended that the solution necessarily entailed the closing of the Argentine diversion channel. Experts from both countries, however, dismissed this solution as they believe that closing the channel will be useless. They think it advisable to make the necessary corrections at the headwater and open a channel in the Chaco region. Not even with the help of European experts could Paraguayan experts find the technical arguments to make Argentina close the diversion channel opened in 1991.

The official document signed on 22 October 1991 that provided for the opening of two irrigation ditches already included corrective measures. Another official document was signed later in November 1992 whereby Argentina pledged to take the necessary corrective measures. Finally, on 20 April 1993, both countries agreed to close the diversion channel.

According to the government's position, the recommendation made by experts will be submitted to the Council of Ministers for consideration and later Congress will be asked to give its opinion on the issue so as to arrive at a decision.

The outcome of the technical meeting between representatives from Argentina and Paraguay rendered the official document signed simultaneously in Asuncion and Buenos Aires last 20 April null and void. On that occasion both countries' governments committed themselves to solving the problem of the diversion of the Pilcomayo River in a speedy and fair way.

The aforementioned document states in its first point that both countries' governments commit themselves to taking corrective measures in the irrigation ditches on both banks of the river so that the latter may revert to its natural conditions and unwanted effects of the "controlled silting" experiment, devised in December 1991, may be eliminated.

The pledge to jointly seek the advice and cooperation of prestigious international experts was honored whereas what was established in the document's second point—which provided that actions would be taken as soon as conditions in the river allow its access and the beginning of works—is a dead letter.

What was first considered a victory of Paraguayan diplomacy, now is practically "a worthless piece of paper" in light of the fact that the aforementioned document stipulated that the diversion channel had to be immediately closed in July if one of the parties rejected the proposed corrective measures.

Peru

U.S. Embassy Attackers Reportedly Among 300 Arrested

PA3007030293 Lima Global de Television Network in Spanish 0100 GMT 30 Jul 93

[Text] According to an unconfirmed report published in a local newspaper, approximately 300 persons suspected of participating in terrorist acts were arrested over the past holidays. Authorities arrested 300 persons in various operations throughout the capital following numerous attacks over the past few days. The perpetrators of the car bomb attack against the U.S. Embassy are assumed to be among them.

In addition, the Police has reportedly arrested the Shining Path commando responsible for the attacks during the recent power outages in the city. [Name indistinct] was arrested near the Aeronautics Ministry in the Jesus Maria neighborhood when he was discovered to be carrying weapons, a radio, and subversive propaganda. Police actions also resulted in the arrest of the individuals who attacked stores in San Martin de Porras and Chaclacayo.

Fujimori Independence Day Speech

PA2907010293 Lima Radio and Television Networks in Spanish 1637 GMT 28 Jul 93

[Speech by Peruvian President Alberto Fujimori to the nation on the occasion of Independence Day from the Democratic Constituent Congress in Lima—live]

[Text] Engineer Jaime Yoshiyama Tanaka, president of the Democratic Constituent Congress [CCD]; messrs. congressmen, ladies and gentlemen:

Over 22,000 persons have died to date in this long and bloody war. (Incashuaman) Sonjo, Tarata, Cieneguilla, Villa El Salvador, Huallay are just a few places that speak of this tragedy. I beg you to observe one minute of silence in memory of these fellow countrymen. [one minute of silence follows] Thank you.

It has been 16 months since the day when, under my full responsibility, I adopted a decision of an exceptional nature in order to correct the dangerous deficiencies and vacuums of our political system and thus be able to cope with the serious problems of the country.

My speech before this illustrious body is a reencounter with the true democratic system that I respect, and a reason for addressing the entire nation with the purpose of reporting on what I have done since then as well as to

establish a necessary contrast between the Peru that we found and the one that we begin to build with the efforts of all Peruvians.

On that day, 5 April 1992, I faced a predicament: Either Peru continued walking, quickly heading to the abyss of anarchy and chaos, pushed by terrorism and before the passiveness of the state organization, or I took the (?risk) to provide the state with the necessary instruments for putting an end to that threat.

It was not an easy decision, as you may well imagine, and I had a feeling of the type of attacks that I was going to receive. Looking back with objectivity, one will be able to understand that no economic program—no matter how coherent it might be, no matter how much support it had from the people—could have been successfully used without the requirements of national participation.

With violence and terror embedded into our daily activities, the economic crisis worsened and brought about greater poverty. We were on the road to national collapse. In economic terms, we were doing the right thing. There was no other solution. However, what we patiently did during the day, the terrorists mercilessly destroyed at night.

The isolation we wanted to surpass when Peru rejoined the international financial community was being prolonged because no foreign investors or capital dared to come to a country where there was not the slightest security for its investments and, even their lives.

Tourism, the second most important source of foreign currency for the country, languished because Peru was poorly recommended in the developed countries. In spite of the goodwill of the entrepreneurs and of the workers in responding with clear signals of confidence to the openness of the government, the tourists hesitated as they were frightened by the terrorists. Thus, many left Peru for a while, until the storm is over.

Before 5 April, the state and its institutions—despite having been somewhat reformed and modernized—continued to lose prestige as it proved unable to end the terrorist criminal wave. Until 5 April we had a national government and a criminal force that was challenging it in an increasingly evident balance of armed power that we could not allow. Within that context, the previous Judicial Branch was unable to mete out justice on the terrorist criminals. Following legal proceedings that were a farce, the terrorists returned to the streets to rejoin annihilation cells in the majority of the cases. Proof of this is that from 1981 to 1991 a total of 575 were convicted for crimes of terrorism. In the 11 months from 1992 to 1993 [as heard], instead, the number of persons convicted of terrorism and betrayal to the fatherland was 589.

For over a decade prisons stopped performing their fundamental duty of confining criminals to protect society. Terrorists enjoyed unbelievable opportunities in jail that not only allowed them to train their cadres but also to coordinate from there attacks and other criminal operations, because of the submissiveness and inaction of the authorities. In addition, there were others playing into the hands of terrorists from other stances. Some self-styled Shining Path [SL] experts, who were a kind of prophet, spent their time predicting the victory of Abimael Guzman. After 5 April, they said society would become polarized between the dictatorship and the SL because of Fujimori's fault. Some more daring ones said that perhaps the SL would head the opposition to the dictatorship.

What seemed like a daring attempt, now looms as a reality. Now, we are establishing realistic deadlines to finish once and for all with the MRTA [Tupac Amaru Revolutionary Movement] and the SL. [applause]

Gone are the days Peru suffered almost defenselessly the criminal attacks by the terrorist gangs. Those were the days the SL chieftain thought himself invincible and omnipresent. I can imagine the smirk so-called President Gonzalo wore every morning as he rose and read the newspapers, proving he lived in wonderland, a country in which the institutions that should have been the backbone of democracy and the State paved the way to power for the darkest and most sinister totalitarianism. In truth, I would understand his smirk. Today, in Peru's most guarded jail, he will certainly understand mine.

History is based on great decisions. One day Abimael Guzman crossed the river that separates us from the dark side of history, and he sowed destruction and death in Peru to impose a ferocious and inhuman regime. Compelled by the circumstances and my profound conviction that I was essentially loyal to a nation that hopes to achieve peace and progress I, too, had to cross the river—but in the opposite direction. [applause] I do not regret this now that I see Peru can recover from its wounds and become strong. I realize that I did the right thing in assuming my responsibility as a leader to the ultimate consequences. [applause]

What resources and instruments did the government have to face SL and the MRTA? The struggle practically had to start from scratch. The state had to be provided with a severe counterterrorist legislation such as the ones that exist in other countries that have suffered this scourge. A strategy based on intelligence and the people's participation was then implemented and it quickly began to yield results, as the country can confirm.

It is necessary and befitting to mention the work carried out by our Armed Forces officers and soldiers and members of our National Police. They were able to defeat the most fanatic and perverse enemy under the most difficult circumstances we can imagine. The forces-....[interrupted by applause] The Armed Forces and National Police have fought terrorism and sacrificed the lives of their members amid a critical economic situation. This has prevented us from providing them with adequate salaries but they have fulfilled their duty nevertheless. They have fought, and continue to fight,

intrepidly so that Peru is progressively rid of the threat of Pol Pot terrorism. The military have been supported by the people organized in the peasant self-defense groups, which have played a historic role in the struggle. Glory and honor to all these brave Peruvians! [applause]

Although there is a repentance law and penitentiary benefits for specific types of terrorist criminals who display repentance and a desire to cooperate with the forces of order, it is no less true that it is disadvantageous for public security for individuals who have been members of certain terrorist groups to gain access, due to these benefits, to nomination for such public posts as mayor or congressional representatives. Consequently, the Executive Branch will submit to the Democratic Constituent Congress a bill that will prevent individuals who have been prosecuted and sentenced for terrorist crimes from running for popularly elected public posts.

My administration, which has made the eradication of drug trafficking one of its goals, believes it is appropriate to establish more severe sentences in the penal code for that detestable crime. Thus, I will send this Congress a bill to modify Article 297 of the penal code to include a life sentence for leaders of drug trafficking organizations or cartels who use violence or coercion to force others to process coca leaves for illegal purposes and for those who use drug money to finance terrorist acts.

Given the privileges I have as president, sometimes, upon invitation by the nuns, I visit cloisters. It is one of the most extraordinary experiences that I have had; that is, to be able to talk with religious people who are withdrawn from the mundane world, but who are still concerned about the nation's destiny. In the cloisters they told me that they pray, in all our nation's convents they pray for things to work out, for Peru to overcome the crisis. There can be no doubt about the sincerity of such expressions because they come from an environment where passions do not flourish; passions like envy, egoism, bitterness, electoral revenge, and partisanship. I see the same thing in small parishes with neighborhood priests to whom the people have conveyed their good faith and will. Their voice is the voice of God. Those humble priests also contribute to the peace process with admirable social projects for which they do not expect any recognition. They are extremely modest and humble. [applause]

In a little over one year, one of the most violent nations, the most violent in the region, has begun little by little to transform into a safe and stable nation. We are now a nation that has its affairs in order. Our country is starting to gain the admiration and respect of citizens in other nations that have similar problems. In three years we have gone from international isolation to a position of hope, not only in Latin America but in the world.

For investors, the previously valuable mineral, hydrobiologic, agroindustrial, and tourism resources in such a rich nation as Peru were worthless. To invest here was sheer madness, but that is no longer true. To maintain this position, which was gained through sacrifices by millions of Peruvians who consciously accepted an extremely severe economic program, by continuing to ask for more from those same people is a moral imposition. Here we must draw a clear line between what is obsolete and what is modern. There was always talk about a group of indispensable reforms to make this a modern and feasible nation. Those reforms cannot only be the fruit of theoretical expressions but of contacts with Peru and the world's real situation. It is not a matter of pinpointing the problem or of wishing for a solution. It is a matter of modifying or making reality. In three years, a group of reforms have been applied, the sole purpose of which is to lay the foundations for a new society, that is, a society that is socially and economically democratic, because our goal is to end all privileges and install efficiency and healthy competition. In sum, we want opportunities for everyone. We have gone from a gigantic state apparatus, oversized with ministries that occupied enormous buildings—all the result of political influence peddling—to a completely different situation.

The rent for those locations cost between $30,000 and $40,000 a month. We now have a smaller but more efficient government. For example, the Agriculture Ministry had five buildings with 11-14 floors and employed 6,000 people in Lima alone. I repeat: It had 6,000 employees in Lima, which is apparently not the area were they are needed the most. This and other examples show some very big incongruities.

It is true that we have gone against the current in regard to the way things have been done traditionally. That, however, has caused a new and more modern mentality to arise as evidenced by daily actions in the public and private sectors.

We have not arrived at this point by following the path of a pseudo national agreement. We did it by implementing a firm policy that encompasses the most basic principles of soundness, austerity, and efficiency. My government has been labeled authoritarian for this, but exercising order and authority should be normal in a civilized society, in a society that wants to advance. [applause] It is abnormal for disorder and anarchy to prevail. The absence of a modicum of respect for the law—sociologists call it anomie—is unacceptable. It is condemnable that people take advantage of this state of affairs to profit or maintain prerogatives at the people's expense.

My government's structural reforms posit a modern state. In the new structure, the prefects need not exist because the municipalities and police, sectorial, and judicial authorities will implement government acts and exercise authority. We have seen that keeping the prefect post, besides duplicating authority, results in improper use of the position in many cases and has allowed abuse of power and transgressions that we must eliminate. Furthermore, the figure of the prefect, who represents the president of the Republic, has a bureaucratic and

palatial authority and a hierarchy equivalent to the ones held by the regal representatives or colonial viceroys of past monarchies.

The economic program has sought to achieve its objectives through two basic mechanisms: fiscal and monetary policies. The first is based on the strict management of our fiscal accounts. We only spend in accordance with the taxes collected and what we obtain through foreign financing. We have managed to reduce the inflation rate in the past years by exercising strict fiscal discipline and adequate monetary and foreign exchange management. Therefore, it is important to reiterate that the government will continue to implement this policy, which has allowed us to continue to bring down the inflation rate.

One of the pillars of the stabilization program has been the cleansing of public sector financing through fiscal discipline by balancing budgets and not resorting to printing currency for financing. The central government has not required domestic credit from the Central Reserve Bank since the stabilization program was implemented in August 1990.

In accord with the fiscal goals, tax policies have been directed at a tax system that is fair, efficient, and easily administered. The goals of collecting and increasing the number of contributors through a proper checking process and through modification of the tax collection structure has been met.

In 1992, despite the fact that economic activity showed a certain degree of stagnation, collections reached levels slightly higher than 9 percent of GNP, which is, of course, insufficient.

It has been decided that taxes owed by persons who have suffered property damage due to terrorist acts can be postponed and/or payments spread out over a maximum of 18 months, subject to a previous assessment by the National Superintendency of Tax Administration [Sunat]. It is worth noting that as an additional benefit to the contributor, a new system has been instituted effective 1 July that allows tax payments through the commercial bank networks.

The actions taken by customs to modernize and moralize their institution has resulted in increased tax collections for 1992 by 105 and 28 percent over 1990 and 1991, respectively.

In order to give the recovery process a firm base, it was necessary to establish a whole range of structural reforms and seek a new pattern of economic development based on efficiency, modernization, and international competitiveness. Structural reforms are intended to substitute the old development pattern, which assumes an industrialization process by substituting imports and protectionism with the benefits and comparative advantage of the productive sector [word indistinct] through export promotion and competitiveness.

The new development pattern involves the gradual elimination of foreign trade difficulties as a mechanism to encourage economic competitiveness. The government has established rules prohibiting unfair competition in international trade, dumping [preceding word in English], and direct export subsidies in accordance with international standards. Likewise, rules will be established to ensure that reference prices, sanitary regulations, and antidumping mechanisms are not used as protectionist measures.

Reentry into the international financial community has allowed our country to once again be eligible for credit and able to receive foreign financing to boost and support the economic growth outlined in the program. The recovery of our image and credibility abroad has helped generate investments, jobs, and growth.

On 18 March 1993 Peru brought its lagging repayments with the World Bank up to date. Those payments amounted to 870 million [currency not specified]. We did it with a stopgap loan granted by the U.S. Treasury Department and Japan's Eximbank totalling 900 million [currency not specified] and divided equally among adjustments of financing for loans to the commercial sector, sectorial adjustment, and structural adjustment.

In May 1993, Peruvian Government representatives met in Paris with delegates of lending countries and their official institutions represented by the Paris Club. Just as in 1991, Peru managed to reprogram, under exceptional conditions, its obligations with those creditors.

The restructured amounts correspond to loans that fall due between 1 January 1993 and 31 March 1996. This 36-month consolidation period is up to now the longest period granted to any debtor country that attends this forum and grants the economic program an outlook of greater stability. On the other hand, Peru received unexpected additional relief in the economic program approved by the fund.

The previously described terms imply a relief of about 1.9 billion [currency not specified] on an amount due worth 3.1 billion [currency not specified]. In other words, more than 60 percent of the amounts that fall due during the consolidation period have been postponed.

Regarding other negotiations, in March 1993 an agreement was signed in Tokyo with (Japec), solving the very complex problem of the largest Peruvian debt with a supplier, thus solving one more headache. We must point out that the inherited financial outlook, which included other cases such as AIG [expansion unknown], (Oxi), (Saudra), and overdue payments with the Inter-American Development Bank [IDB] and the World Bank, had to be faced in the context of great economic crisis.

Immorality has always flourished amid disorder and tiresome paperwork. Our agriculture is a sufficient example. Following the disastrous experiment of (?Las Pistas) agrarian reform, there was much criticism. But no

action was taken to correct a law that impoverished Peruvian agriculture. Why is it that if everyone knew that agrarian reform laws needed to be modified, nothing was ever done? This stage has recently been overcome and we have begun to put in order and rationalize relations between the state and farmers. We have put an end to imported food subsidies, to the MUC [Standardized Exchange Market] dollar, and began a truly coherent policy that calls for flexible surcharges and tariffs for imported foodstuffs, something that had never been done. This way the government guarantees parity prices for our farmers. [applause]

Previously, there were no price policies and instead there were clever debates. When I was rector of the National Agrarian University I was able to see how much time was wasted with theoretical arguments of this sort, while nothing practical was accomplished. The system of the sales of agricultural products still continues with distortion. That is why I believe the IGV [General Sales Tax] should not be applicable to perishable products. [applause] Just to make sure, I said perishable products. [applause]

We must seek taxes from wholesalers, from the big wholesalers, from the big guys, through income tax. The nation's sugar production receives extraordinary protection through surcharges. Why is this? The sugar industry was practically wiped out after the agrarian reform's implementation and due to the low price control policy. I am pragmatic; we have to recover this sugar industry before putting it on the market. We had to be, quote, the Agrarian Bank's hangman, unquote. This bank was totally bankrupt and represented a $500 million-$800 million a year output of which very little was ever recovered. Of course, this was not an easy nor a politically profitable measure, although it was technically advisable. Subsequently, due to the absence of the Agrarian Bank, we temporarily established direct support and a price policy.

Some very serious problems that had not been solved by the previous government, were resolved with this new sponsored orientation. Such is the case of the Tarapoto rice and corn producers, the farmers whose warehoused production was ruined more than once. As far as I know, no barricades have been set up in San Martin Department in the past two years. In the 1992-93 program, we earmarked for agriculture through [word indistinct], a rotating fund of over $250 million. This represents direct, short-term credits, particularly on fertilizers, pesticides, and seeds, in favor, above all, of peasants in the most needy sierra and jungle areas.

We are not in favor of subsidies nor of populist gifts. If the debts contracted by farmers with the former Agrarian Bank as well as with the former Mining Bank and the former Industrial Bank—of which debtor sums did not surpass $5,000—were pardoned. This was due simply to the high cost of their collection by legal means. These were the results of the high interest rates in force at the beginning of the economic program. The truth is that this was a practical measure; we must concentrate on collecting the large sums owed. For the first time, a credit program in kind has been implemented to repopulate the northern lands with a 25,000 alpaca herd from the southern lands. In this innovative way, we are inducing the raising of a species that has a high economic value as well as helping to solve the temporary situation produced by the drought in the southern lands. I must mention the promotion of another practical measure, that is the use of the vicuna fiber.

There is no doubt that if measures are not taken to conserve the soils, particularly in the sierra, Andean agriculture is in danger. This is why, in an attempt to improve the rural environment and the handling of the river basins, we have continued with the reforestation program that this year will cover 25,000 hectares.

Meanwhile, investment projects have been redefined under the National Public Administration Institute with a view to rationalizing costs and optimizing investment. An example: In the case of (?Chavimochic), for example, we have taken measures to call for a public bid for the bypass construction.

As a result of this bidding process and compared to the previous contract, we have saved $23 million even though the same company is doing the work. This is how contracts for public projects are being done; we are saving the people's money. In Peru, mismanagement has been frequent. In this government we act with honesty, however, if a case of corruption should arise, I am the most interested in restoring morale to this country.

Freedom of the press must be defended, but it must be done in conjunction with the freedom of thought and expression. Everyone without exception must exercise that right. I, as president, must undoubtedly exercise that right to denounce problems as well as to defend myself against slander. Freedom of the press during my government is, and will continue to be unrestricted. I must point out, however, that we must not yield to pressures from any power, not even to the power of the press, which is sometimes used to conceal some (?underlying) interest. [applause]

If an honest government official is attacked by that kind of press, under no circumstances should he yield to blackmail from certain media who are accustomed to cornering people. Gentlemen, here in Peru, freedom of thought and expression must also be respected. It is the right of every citizen, without an exception. Those are the rules of human rights as well. [applause]

The crisis has seriously affected the industrial subsector, particularly the export sector because of noticeable exchange delays that occurred between 1986 and (?1991). Lately, however, we are seeing the beginning of a recovery in the exchange rate. The gap in parity is getting smaller and this has been done without significantly affecting the anti-inflation plan. We have also been able to reduce the excessive indirect tax burden

from 40 percent to 6 percent for the large mining sectors and from 22 percent to 6 percent for the small and medium mining sectors.

The significant drop in the number of terrorist attacks has represented another positive factor during this past year. This has also allowed the mining centers to work with greater tranquillity and without interruptions and has also allowed the necessary investments to be made. We see a boost in auriferous explorations in Casamarca, expansions by (?SauderPeru) in Cuajones, a new exploitation in (Quellaveco), privatization of HierroPeru, and the upcoming privatization of (?Centrominas). In other words, with these new conditions, efficient mining has great possibilities. As an example of this I can tell you that the hotels in Moquegua, a mining area, are full to the hilt these days.

Industry and the people are demanding more electricity. In addition to the works to bring electricity to the rural areas, short-term measures have been implemented. These are important to overcome the electricity crisis caused by the drought and to reinforce the electricity generating systems.

Consequently, the Energy and Mines Ministry is now building the Ventanilla plant, which should be able to generate 200 megawatts and is scheduled for completion in November 1993. I must emphasize that contract prices are the most competitive possible. As an example of the support given to the generation of electricity, two electric generators—each with a 2.5-megawatt capacity—have been purchased for the Tumbes plant; and a similar one has been purchased for the Tarapoto plant. There is a list of 24 towns that will enjoy the electricity produced by these new generators, which will have a capacity of between 500 and 1,000 megawatts. A program is being implemented to refurbish electric plants throughout the country, thus allowing us to produce an additional 57 megawatts.

The Yuracmayo project will increase the Lima electric plants' capacity to generate electricity and the availability of water for the capital. Three new electric generators, each with a capacity to generate 6.5 megawatts, were purchased in April and installed in the Iquito thermoelectric plant—but we have a paradox. The plant operates with many limitations due to high costs and the general sales tax—and this situation must obviously be corrected. Oil contracts represent a measure of the oil industry's development. In fact, they represent an index of the private capital's behavior, particularly foreign capital, as far as investments in the country are concerned. There is an optimistic atmosphere concerning new oil contracts. The contract to exploit Aguaytia's gas is in its final phase due to the corresponding bids. A contract will be signed to exploit the continental shelf. This work is still being handled by Petromar [expansion unknown].

It is appropriate to pause one moment and talk about Aguaytia. Everyone knows this zone was totally infested with terrorists. It was almost a liberated territory. Now it is quite the contrary. It is a controlled and much safer place, so the reversion has again encouraged the presence of investors and contractors; and this will result in benefits for the people living between Pucallpa and Tingomaria. I also want to state that we will have limited negotiations of oil contracts for jungle areas until we define the maximum safety measures to protect the ecology and our fragile national resources. [applause]

Within the context of the State's modernization, the government has developed an overall reorganization program with the intention of enforcing a cautious handling and management of natural resources—which are renewable and, therefore, can become extinct. A policy of free access to fisheries unavoidably leads to an excess in investments and increases the risk of overexploitation and eventual loss of all revenues. Hence, the need to regulate the activity and render it efficient by implementing organization systems in a timely and systematic manner, to guarantee the existence of fishing resources in the future. The giant squid is a seasonal fishing resource that has abundantly appeared in Peruvian waters for the last two years.

The government has granted fishing concessions to foreign vessels specialized in fishing gigantic squid, charging for the amount of tons of products fished instead of the usual charge based on the vessel's net registered tonnage. As a result of this unique charging mode the Peruvian state collected in 1992 $21.5 million, and $23.811 million so far in 1993, for granting fishing concessions to Japanese and Korean companies. This has ended graft, under the table payments, pressure, and newspaper articles that defend private interests. [applause]

The fishing development fund has been involved in the fishing infrastructure work, building and outfitting of fishing boats, financing marine engines for fishing, and the fishing refrigeration infrastructure. This fund has completed small, but important projects such as the Cabo Blanco artisan pier landing, the setting up of 19 refrigeration facilities up and down the coast—equipment that had been packed and stored for four years. At each port we have tried to come up with some work or support for fishing. Lastly, the fishing productive sector has earned approximately $200 million over the past two years.

Transportation, perhaps unlike any other sector, has faced disaster. A national road infrastructure has been just as affected as if Peru had been at war. The traditional isolation of many peoples of Peru has increased for this reason. The goal of the government designed program is to complete reconstruction work on 1,800 km of roads this year in various parts of the country and completely repair 2,000 km of the Pan-American highway from Tacna to Tumbes and the central highway between Lima and Huanuco. These roads will be completely paved. [applause]

This, however, is not a traditional road reconstruction program. We have involved the Army's Corps of Engineers, which previously were only responsible for building, if I am not mistaken, 200 meters a year. These battalions which are specialized in development work had no machinery. With the machinery they now have they have feverishly begun work everywhere. The work of our Army's soldiers and officers is one more aspect of our pacification program. To pacify is also to end the secular isolation of so many forgotten people and also to bring the military and civilians closer. I have witnessed this fraternal chance meeting to continue fighting for Peru. [applause]

Roads are being built, such as the road to Pampachiri and Negro Mayo—little known names with realities that are also little known, but that are part of the deep Peru we want to rescue.

In addition to this 25-km road tract, we are working on more than 2,000 km of road to link the people in our country. This is but one example of the 50 ongoing projects of a similar nature and importance. Those projects will allow us to save time, fuel, and spare parts and, thus, to eliminate excessive land transportation costs.

Regarding other forgotten programs, such as the Picota bridge, which was shelved for 10 years, and the Farinas bridge, which people have been requesting for the past 50 years, we are happy to report that they are about ready to be inaugurated. I hope nobody says those are populist or arbitrary projects. [applause]

We have also worked to improve the air transportation infrastructure as this will further allow us to gradually put an end to the country's isolation. For example, we have just finished works at the Atalaya and Puerto Esperanza airports, which are veritable points of defense on our borders.

If we look at the Peruvian map closely, it is obvious that our borders are not only at Tumbes and Tacna. We often forget that the jungle is our longest border area. There are many areas along that border that even the president of the Republic cannot reach. Foreigners, however, enter our country through those areas and exploit and ravage our jungles. I ask myself if we have forgotten Peru's sovereignty as we have been so dangerously neglectful. The truth is that we have never had a straightforward policy on borders. Our sovereignty and patriotism should also include Puerto Esperanza; Ahueti, in the northern point; Pantoja; and Putumayo. The government is starting a presence in those areas after many years of neglect. [applause]

The port situation has improved significantly with regard to cost reduction in ship operations and the loading and unloading of merchandise. We can now assert that Callao is no longer the most expensive port in the world; it is one of the most competitive ports in the world. This will undoubtedly benefit our foreign trade.

Regarding the restoration of the railroad and its facilities, I can report that we have just about ended the process to repair the rolling stock and engines and will proceed to do the same with the railroad lines. We still need to implement reforms to ENAFER's [National Railway Enterprise] institutional and financial system and must admit that we have not advanced much in making it more cost effective and efficient.

As our road reconstruction program attempts to gradually end the isolation suffered by many of our towns, we have also started to install direct dial telephone systems in many cities in the country. At the same time, Entelperu [National Telecommunications Enterprise of Peru] is currently working to install the digital telephone expansion program, which in its initial phase, will allow for the installation of 40,500 telephone lines and in its second phase, for 65,000 additional telephone lines.

It has been estimated that the housing deficit stands at 1.3 million units. The quantitative deficit is at 40 percent and the qualitative deficit is at 60 percent. [sentence as heard] To resolve this problem, no less than $5 billion are needed.

It would be illusory to start building to try to resolve this huge deficit, unless the allotting of houses were to become the result of lottery games.

Drinking water, sewage, and electricity service levels are relatively low: four of every 10 citizens in our country lack drinking water services; and six of every 10 citizens lack sewage systems.

The housing policy has been restructured with basis on the needs of the population. Most of the people are qualified to do their own construction projects, but they require state assistance for drinking water and sewage systems, electricity, and streets.

Congressmen, the matter is simple: It costs $1,000 to provide services to each unit; the houses cost $10,000 each.

The contributions to (Conavi) by the workers must be modified. I suggest that the workers contribute 3 percent and the employers contribute 6 percent. This is a motion I am presenting for consideration by the honorable Congress.

Those who know well the poor neighborhoods, know this is solidarity and a specific way of struggling against poverty. As a result of these projects, the water bill for persons from the settlements will be as low as that of the persons of San Isidro. That is, the water bill will be 10 times less. Incredible!

The industrial sector has gone through a drastic change to create a healthy and competitive industry, one that will not grow with a basis on artificial policies and that will be independent of the successive governments.

In Peru we are undergoing a significant industrial modification. It is not easy to carry it out, but it is essential to

carry it out. This process had to be initiated some day. We are not going to leave this chore for the next government to perform.

I am aware that this process has meant the closing of some industrial establishments that had survived at the expense of consumers. It has also meant a reduction of personnel in those enterprises.

However, the result of this has been that the conditions necessary for the development of the private sector with basis on competitiveness and efficiency have been created.

This is happening now at an unprecedented rate. The increased unemployment and recession situation must be overcome progressively under the new circumstances.

The main problems of the industrial sector have to do, basically, with excessive expenditures, such as those caused, it is true, by taxes and financial costs.

Interest rates are still high in spite of substantial tax reductions granted to the financial system. I am talking about the elimination of the tax on checking accounts and of selective taxes on interest.

The financial system's response has not matched the effort made by other sectors. Apparently this sector requires more dynamism and sense of competition. Perhaps this can be produced by the acquisition of banks, such as Interbanco Continental Bank, by international enterprises so as to introduce competition in the system. [applause]

Contraband and undervaluation continue to exist and these have harmed the Treasury and the industries. It is estimated that no less than $600 million were entering [as contraband] yearly. I believe that this level has been reduced by half given the National Superintendency of Tax Administration's efforts in the nation's customs, particularly in Tacna. It is vital that the rules and regulations be obeyed, without exceptions. We cannot support Tacna's development if a few large smugglers abuse the system. We have planned to continue tirelessly this struggle by completing a customs control network on the northern and southern borders.

To promote small businesses and microbusinesses, we have channeled the increase in the social expenditure to purchasing school bags, jogging suits, shoes, school books, and prepared foods with local products. The idea is to give support to the community through an emergency program that at the same time will stimulate local industrial and agricultural production.

In November, the National Institute for the Defense of Competition and Copyright Protection, was founded as an organization belonging to the Industry and Commerce Ministry. However, this institute has economic, budget, administrative, and technical autonomy destined—among other purposes—to protect consumers from monopolies that control and restrict free competition and product quality. We hope that this institution will demonstrate its efficiency; for example, by opposing the gasoline station cartels, that unilaterally fix the price of fuels.

Within the program of structural reforms, privatization is a fundamental component. Privatization is a means to redefine the State's role; in practice it is to reduce the enormous $2.5 billion gap accumulated year after year. It also entails a more ambitious concept that includes strengthening the State in its role to supply basic services such as education, health, security, and justice for all. [applause]

The state must provide economic guidance, not merely implement productive activities. Logically, the privatization process has required a maturity period.

During this period of time, the finances of these enterprises have been cleaned up and reorganized, and the pacification of the nation is being consolidated. Without these requirements, either the sale was not feasible or an undesirable auction of public enterprises took place. I flatly rejected this possibility from the very beginning.

With privatization, there is a noticeable increase in production. As an example, we mention the case of Hierroperu, which is producing at a greater rate than last year, and naturally increasing exports. The concession granted to Petromar, formed by the operations of the former (?Delco), surpassed the terrible outlook of the aftermath of expropriations, thanks to the successful negotiations with (?Nikkei), which will represent the collection of $200 million in addition to royalties from production for 20 years.

Development of the Peruvian State Airline [Aeroperu] now has a positive outlook with the contribution from AeroMexico, the second largest airline in Latin America. This contrasts with the past, in which the enterprise lost $1 million every month and it had aircraft between 20 and 25 years old. We should realize that signs like these have positive implications in the tourism sector.

When we talk about laying the groundwork for future development we also refer to the education sector. This has been a main topic of discussion and debate throughout the years for theoreticians. We will obviously opt for education consistent with our national development. I believe we all agree on the need to endorse education that is suitable for the country's needs and development.

What percentage of state resources destined for education have truly reached the students rather than being used to pay the immense administrative bureaucracy? The university park building was a great monument to the use of influential people's personal cards to obtain privileges and favors in the education sector. The ministry now operates modestly as befits a country where resources must be used rationally and with fairness. [applause]

With more bureaucracy, inefficiency, and confusion, the educational product was extremely poor. Of course, I prefer not to talk about the strikes of the Trade Union of Education Workers, which made the school year seem like a joke. Now, we must turn the page, and use the resources the state assigns for students.

I emphatically sustain that anyone who says we had free education is mocking the Peruvian people. Because of populist statism and its pseudo free education, there are millions of youths with deficient education. [applause]

There are still schools, some of them close to the Congress and the Government Palace, with matted classrooms and children seated on bricks. Please, let us not be demagogic when talking about free education. [applause] This situation must end. Those of us who are responsible for educational reforms should visit the poor neighborhoods, human settlements, small towns, which can be visited now without any fear, because there have been changes and above all, because there is tranquility and peace.

Some of the country's most important state universities had become, quite simply, true trenches of terrorism. How did this happen? It is very simple: in an effort to defend an alleged constitutional principle, that of university autonomy—a pseudo autonomy, truthfully speaking—the right to defend life itself, was violated.

Demagoguery allowed terrorists to take advantage of these, quote, democratic principles, unquote, to destroy democracy and the democrats. [applause]

Now, we have rescued the true principle of autonomy. Autonomy meaning a self-government and not a puppet government. As former president of the Assembly of Rectors I ask: Where was the authority back then?

It is also amazing that a few of our state universities were training professors under the teachings and pressures of the SL and the MRTA. This is incredible. Later on, these professors used teachers' unions to use other teachers for their own objectives. [applause]

Building schools has obviously been the area where we have focused our efforts. Let us not forget that our deficit is 30,000 classrooms throughout the country. Consequently, the pace for the inauguration of schools is not the result of any personal political campaign. It is based on a need, the need to give millions of Peruvian children a decent structure. It is a decent structure that was promised a million times, but a promise that was never kept. [applause]

I am not exaggerating, to overcome that deficit—I repeat, 30,000 classrooms—we would have to inaugurate one school per day in any given period. This means that we would need to inaugurate 350 schools per year; 350 schools comprising 7,000 classrooms. At this pace, one school per year [as heard], we could meet the educational demand in four consecutive years without neglecting, of course, to train the necessary teachers. This is in no way propaganda for reelection. [applause]

My government's efforts to eradicate illiteracy have continued during 1992 and 1993. In 1992, 13,700 literacy workers taught 264,000 persons to read. For 1993, we budgeted the hiring of 16,000 literacy workers to teach 327,000 persons, one of the largest figure ever registered in Peru, to read.

We have been amazed many times to see the degree of indifference toward costly projects that should serve the people. They are projects that were not used at all or that were not used to their full extent.

The case of the hospitals is dramatic. The Maternity Hospital, the Bravo Chico Hospital, and the Children's Hospital were health centers where human dignity was not the only thing under attack. Human rights were also violated at these places on a daily basis. Those who have a good memory should remember and those whose memory went to sleep should wake up. [applause]

Now, these hospitals, which are hospitals for the poor, do not look like hospitals for the poor and this is the way it should be.

I confess that to turn them into decent places where poor people find the right kind of attention has not cost much. It has involved, more than anything, a good imagination, hard work, cooperation with medical and paramedic personnel, and a better use of resources.

In the health sector, we have had to face big challenges. With the crisis, some epidemics, such as malaria, measles, and cholera worsened. Through the fund to fight epidemics, we financed the actions to control outbreaks in chronic areas of the country.

The change we want to implement is the same that was modestly achieved in the hospitals we mentioned and in Olabegoya Hospital in Jauja or the hospital in Andahuaylas. We have a true commitment to reach gradually those areas that need health services the most.

If one has to mention true devotion, I cannot neglect the work done by midwives, doctors, and teachers. I meet them all the time in my constant visits to poor sectors of the capital or to the country's most remote places. These Peruvians, who provide basic health and education services, are fulfilling their mission with solidarity. I know that their salaries are not remotely adequate. This is because of the crisis and because of a lack of resources. Like any other Peruvian, they want to live better. However, they understand that we are all in the same boat and we will get out of this situation together. For this reason, they perform their work with sacrifice, but with dignity and patriotism. I pay homage to them. [applause]

This year human rights have been the topic of headlines. No one denies that we must all defend and promote those rights. This government in particular has a policy that clearly defends human rights. There is no other way to explain that today the jails are filled to the brim with

terrorists. Isolated cases of human rights violations, which I firmly condemn, cannot be attributed to a systematic and official policy. No one can deny that we are winning the war against terror with intelligence and with the people's participation. [applause]

Oddly enough, that fact has not been stressed nor has the government been recognized for the low social costs the battle has entailed. That did not happen by chance. No one is more interested than my government in defending human rights, especially after having endured the greatest human rights violations by terrorist and genocidal groups like the SL and the MRTA. [applause]

My administration's penitentiary policy, which seeks specifically to create the most propitious conditions to ensure respect of human dignity, has not been underscored enough. We continue to apply a depenalization policy. Consequently, we propose a study on the possibility of creating a provision analogous to the pardon, which is a presidential right or privilege to revoke the sentences of condemned inmates. It has been shown that 80 percent of the prison population is made up of individuals whose indictments are affected by delays or the inefficiency of the administration of the justice system.

This could be a solution to the overcrowding of prisons. First-time offenders could benefit from the annulment of their proceedings. Those whose indictments are under way could be released, while repeat offenders will wait until after the proceedings are completed.

Among the criminal modalities of terrorism is kidnapping to collect protection money for an alleged armed struggle. The current penal legislation includes severe punishment for this crime but does not apply the punishment this crime deserves, punishment that should be comparable to the crime of treason against the fatherland.

This is why the Executive Branch will propose for the consideration of this Congress life imprisonment for those who commit the serious crime of kidnapping. [applause]

There is currently an aggressive plan to build penitentiaries in Peru as never before in the Republican history. We will thus eliminate the administration of a prison structure that has not guaranteed minimum conditions of security, hygiene, work, education, and much less rehabilitation.

Peru has adjusted its diplomacy to the goals of national reconstruction and search of a modern society. It has abandoned the traditional diplomacy that was often out of touch with reality and the course of the country.

Peru's relations with its neighbors have always been friendly because we are a little....[pauses] because we are peaceful country, although they were tense. Mutual resentment fed an arms race and took energy away from development. This situation cannot be perpetuated for the sake of national progress and peace in the region. That is the reason we have furthered an authentic policy of detente with our brothers and neighbors. [applause]

That policy, which is not a petty affair, has served as a bulwark against the antiterrorist struggle, to the extent that we have been able to devote resources and men to the objective of development. We have specifically succeeded in effectively reinforcing our entire border and fighting terrorist groups. There are sectors asking the government to defeat poverty to end terrorism. Is there a Peruvian who does not want to end poverty, for God's sake? To be sure, it is not possible for a government that is overcoming a crisis of the scope that we inherited to eliminate in three years a centuries old problem. Please, let us not confuse the people! Let us not politicize the matter of poverty [applause] with seemingly innocent demands!

The impoverishment and exploitation of millions of Peruvians throughout five centuries has accomplices known to all. That poverty has worsened in the past decade owing to misgovernment and terrorism. [applause] Let us work in an orderly and responsible fashion to eliminate terrorism and for the first time create objective conditions to uproot the problem of poverty. [applause]

The drama of the Andean villages that are barely on the map, whose names we almost always do not know and which have been tormented by terror, is immense. One day I took my third daughter, who is barely 12, to witness this cruel reality in Peru. It was a hamlet of 40 families located by a brook in the upper area of the Canete River. A SL cell, headed by a so-called Comrade Paola, viciously and brutally assassinated 10 of the 40 heads of family in that town's small square.

My daughter Sachi could hardly believe this happened, neither could she believe that there are 40 more orphans as a result of those horrible crimes, only in that small town. After organizing a social assistance group to send them material aid, she asked me, deeply moved: When will those ruthless criminals be punished? I replied: Unfortunately, there are many martyr towns in Peru, but that we were trying to end that painful reality. This goal has been almost fulfilled.

Now, after the Army annihilated that terrorist commando headed by Comrade Paola, the area where that town is located can breathe in peace and tranquility again. That is happening in many parts of Peru, which were previously infested by terrorists. Therefore, I repeat, terrorists must repent, surrender to justice, and serve a life sentence, or they go to hell! [applause]

We must attend to small infrastructure works, of all types, demanded by the population throughout the country. This cannot wait. Bureaucracy and inefficiency have denied millions of Peruvians the right to receive basic services. For that reason, in 1993 the National

Fund for Social Development and Compensation, Foncodes, will receive 5 percent of the national budget for that purpose.

The national peace process does not only consist of repressing terrorism, but development actions, solution of problems, so millions of citizens traditionally neglected can reach a minimum level of well-being compatible with human dignity.

The Peruvian people, in free elections, in the presence of more than 200 foreign observers, elected a CCD, whose mission was drafting a new constitution reflecting the profound social and cultural changes that have taken place in Peru during the past few years, which have totally changed its profile. Mr. Chairman, in attending this honorable Congress, I hope that constitution will reflect the people's desire, and will be the basis of clear principles aimed at achieving all our national goals. In that manner, most Peruvians formalized their rupture with the political system that prevailed at the time, a decision they had already taken by supporting the economic measures adopted by my government on 5 April.

Hence, the CCD emerged not only to legislate and supervise, but also to draft a new constitution for Peru. In this manner, we are all giving ourselves a new opportunity to correct the abyss that separates the formal Peru from the real Peru.

Basing our decisions on well conceived constitutional texts, leaders must also take efficient action so that the distance between words and reality will be as short as possible.

By maintaining the poverty and frustration of millions of Peruvians who have not had a worthy education or hospital treatment compatible with respect for human rights and by allowing justice to be a joke despite the Magna Carta's declarations to the contrary, leaders have one and a 1,000 times violated the Constitution they swore to respect.

Within the context of this flagrant contradiction between the letter of the Constitution and the daily reality of millions of Peruvians, we have experienced the most devastating wave of criminal violence of the century, nay, in the Republic's history. We cannot lay the blame for our problems on the cold war or the ideological war between capitalism and communism. If the germ of totalitarianism spread in our country it was because we were a social body weakened by misgovernment, the irresponsibility of artificial economic policies, and the elite's indifference to the rest of the country.

There has always been talk of a national concerted effort: that it is a magical concept; that it would guarantee that all doors would open. The same demand was made of every government, but the eagerly desired national concerted effort was never achieved despite hundreds of forums, symposiums, agreements, and marches. Why? It exists now. If we count the Peruvian civilians and soldiers who are working for the same goal—pacification—we will, in truth, have an authentic concerted effort. [applause]

Reality and not alleged good intentions have made this concerted effort possible. My government policies have been described as liberal by certain individuals who like to label reality. I am sorry but you have the wrong label. My government and I are simply pragmatic. This means that I do not pay homage to theories, dogmas, or myths. I am an agronomist. [applause]

I was going to say the following: I am an agronomist, but I do not breed cows and I do not believe in sacred cows. [applause]

The three past years—can there be any doubt—have been the most intense of recent times. As a people we have dramatically come face to face with the myth of survival. I am sure that as time passes and passions cool my adversaries will examine with greater objectivity the set of political decisions that I believe have been essential to the guaranteed existence of the Peruvian state and nation. Despite a well conducted campaign against the emergency measures imposed on 5 April, I am convinced that even my opponents now feel safer in this country where yesterday their own lives were worth nothing because they were on the selective extermination list prepared by SL and MRTA.

I am not trying to, open quotation marks, throw this in their faces, close quotation marks, but had the government and the state failed in its battle against terrorism, perhaps some of our supporters, as well as some of our opposers, would not be here, but instead enjoying the perpetual peace of a cemetery. [applause]

I hope that those who do not understand this effort we are making for authentic social change, for national reconstruction, will do so in the future perhaps if not for a personal reason, for a more powerful reason, the historic reason that rises from facts and the situation experienced by a great majority of the 22 million Peruvians who definitely want to live differently. [applause]

At this time I wish to thank everyone who has accompanied me in my government during these past three years by showing their loyalty to the national reconstruction plan. I am referring to the members and former members of my cabinet and the officials from all the sectors of the public administration.

I wish to conclude my speech by stressing the extraordinary response that yesterday's military parade represented. The military parade became a pacification parade for those who wanted to disunite us using murder and terror. Yesterday's huge and impressive parade in Lima, and the parades throughout the Republic, is the best proof that the objectives sought by those enemies of Peru have not been fulfilled. Yesterday, university students, (?firemen), police officers, and soldiers, mixed with enthusiastic people to offer a beautiful lesson of national unity for peace and progress in the hopes of a

better future. The white doves released by university students represents the path Peru has chosen. Today, we can say that Peru is no longer the country of lost opportunity as [word indistinct] said. Today, Peru is a feasible and possible country.

Long live Peru! [crowd shouts Viva!]

Congress President Yoshiyama Welcomes Bolivian President

PA3007034293 Lima Radio Programas del Peru Network in Spanish 2342 GMT 29 Jul 93

[Speech by Jaime Yoshiyama, president of the Democratic Constituent Congress, CCD, to welcome Bolivian President Jaime Paz Zamora at the Congress in Lima—live; broadcast in progress]

[Text] ...His Excellency Jaime Paz Zamora is visiting the Democratic Constituent Congress today. This is a source of special pride for our two countries because it represents an unalterable decision to strengthen the ties of friendship, cooperation, and integration between our two nations through the democratic will of their governments.

Peru and Bolivia are united not only by a long-lived Andean identification, by the ancient sharing of a territory, and by a venerable history; they are united by the decision of their people and governments to work together to create conditions that will allow us to face the future challenges created by poverty and economic underdevelopment.

Bolivian President Jaime Paz Zamora and Peruvian President Alberto Fujimori are modern statesmen who have wisely done what was necessary to see that the traditional friendship between Peru and Bolivia produces specific actions and modern programs for cooperation and integration. Those projects are necessitated by our geographic proximity and common objectives and needs. They are positive because the advantages that cooperation creates and that our huge human resources provide can be used positively. The projects are needed so borders can stop being a division between two sisterly nations and become a meeting point for a dynamic interaction of that will bring development and well-being to the people.

In recent years there has been important progress in relations between our two countries. That progress is particularly expressed in the Ilo Convention and its complementary agreements, in the creation of the binational autonomous authority, the Titicaca Lake System, and the agreement that establishes a free trade zone. Those agreements are aimed at the creation of a solid network of shared interests that will make it possible for townspeople and businessmen to become significant agents of production, trade, and complementary activities.

A few weeks ago this Congress adopted the historic decision of approving the Ilo Convention, thus supporting the agreements signed by the two governments for the establishment of Bolivian enterprises in the free industrial zone and free tourism zone of Playa Bolivia Mar. This will not only be an efficient tool for establishing links with the international market, but it will also attract important financial and cooperation resources to turn the zone into an important development and trade center for the benefit of the two countries. This willingness to modernize our relations and turn politics into an efficient tool for well-being and progress will be expressed again in the forthcoming signing of the Amazon Cooperation Agreement and of the agreement on the reciprocal promotion and protection of investments, an agreement that will open new doors for bilateral relations.

Mr. President, the Democratic Constituent Congress recently had the privilege of receiving a visit from Dr. Luis Ossio Sanjines, vice president of Bolivia and president-elect of the Bolivian Congress. On that occasion we reaffirmed ties of cooperation at the parliamentary level, ties of friendship and brotherhood between our two nations. Those ties, which are being strengthened today with your presence in this building, are increasingly stronger and commit us to marching firmly and unhesitatingly on the path that has been set forth, the path that our people undoubtedly want. [applause]

Uruguay

'Text' of Uruguayan-Costa Rican Declaration

PY2907205093 Montevideo LA MANANA in Spanish 20 Jul 93 p 4

["Text" of the joint declaration signed by Uruguayan President Luis Alberto Lacalle and Costa Rican President Rafael Angel Calderon Fournier in Montevideo on 20 July]

[Text] 1. They stressed the importance of the United Nations' role in shaping the new status quo in international relations, by means of its active participation in events with a view to helping establish a renewed world order which, based on respect for international law, might guarantee peaceful coexistence between peoples, respect for human rights, and the promotion of peace, development, and well-being for all nations.

2. They expressed their strong repudiation of any form of racism, violence, or terrorism regardless of its origin, as these jeopardize the survival of democracy, its institutions, and the rule of law. With respect to this they pointed out that such acts constitute at present the most flagrant violations of human rights.

3. They underscored that the OAS should continue playing an active and revitalized role so as to promote the attainment of the objectives enshrined in the OAS Charter—namely peace, development, and democracy.

In this regard they noted the growing spread and consolidation of democratic systems, which constitutes a guarantee for the full exercise of peoples' sovereignty.

4. They were of one mind about the importance of Central America's active participation in the OAS, as well as the need for all countries in the area to enjoy an enhanced presence and representation at all levels of the said organization.

5. They expressed their ongoing concern over the constant violations of human rights in Haiti, and reiterated their interest in continuing endeavors to restore democracy in that country.

6. They noted their satisfaction over the successful results of the Third Ibero-American Summit of heads of state and government recently held in Salvador, Bahia State, in the Federative Republic of Brazil.

7. They underlined the importance of a speedy, fair, and successful conclusion to the Uruguay round of GATT talks. In this regard they will continue pleading for concrete results, which may be instrumental in obtaining a more open, fair, and nondiscriminatory multilateral system of trade.

8. They reiterated their concern over the protectionist measures adopted by some developed countries, and agreed that the recent measures taken to restrict access by Latin American goods to those markets violate GATT's regulations and doctrine.

9. With regard to regional aspects, they analyzed the difficulties confronting the economies of the countries in the region, due to complex problems arising from the increase in protectionist policies in international trade, and from the continuous deterioration in the terms of trade.

10. They asserted once again their commitment to strengthening and deepening Latin American integration, and gave their total support for regional and subregional integration and cooperation processes to ensure the economic and social development of their respective peoples. In this respect, both presidents agreed to promote actions within the Common Market of the South (Mercosur) and the Central American Integration System (SICA), on the part of Uruguay and Costa Rica respectively, in order to further the rapprochement and convergence between both subregional integration systems.

11. They voiced their concern over drug trafficking, a worldwide problem, and agreed to continue joint efforts in the bilateral and multilateral fields in an attempt to prevent the illegal use of drugs and repress drug trafficking.

12. They voiced their satisfaction over the recent dedication of the Latin American Parliament headquarters in Sao Paulo, Brazil, and agreed on the important role this forum plays in consolidating and giving continuity to the dialogue between the countries of the continent, as well as with the parliaments of other regions.

13. They assessed, in detail, the evolution of bilateral relations, and voiced their satisfaction over the friendship and cooperation historically shared by the two countries.

14. They assessed the development of trade between the two countries, and reiterated their mutual interest in stepping up efforts to increase trade and the flow of investments in a search for the maximum opening up of their respective markets.

15. They noted the important role played by private enterprise, in view of the conditions currently offered by the economies of the two countries. In this regard, they stated the need for the pertinent services of the two countries to continue actions designed to enhance the productive potential of the two markets.

16. They voiced their satisfaction over the negotiations currently under way in search for a Uruguayan-Costa Rican Social Security Administrative Agreement, noting the need to conclude these negotiations as soon as possible to allow the signing of the mentioned international tool.

17. They noted the two country's interest in starting negotiations designed to sign, in no more than 60 days' time, a Mutual Legal Assistance Treaty for Penal Affairs.

18. They also voiced their satisfaction over the beginning of negotiations regarding a tourism cooperation accord.

19. They agreed on the importance cultural exchange has in contributing solidly to the fraternity between the two countries.

20. In this regard, they acknowledged the need to draw up, in compliance with the terms of the Scientific and Cultural Cooperation Agreement signed on 16 September 1971, cooperation programs in the education, science, and cultural fields.

21. They mentioned, as a example of the aformentioned desire, the soon to be signed agreement between Costa Rica University and the Official Radio, Television, and Entertainment Service (SODRE) of the Oriental Republic of Uruguay by the rector of the mentioned university and the Uruguayan ambassador to Costa Rica.

22. They voiced their satisfaction over the establishment of the Common Knowledge Market [Mercado Comun del Conocimiento] and promised to promote the flow of cultural, scientific, and technological information for the benefit of all Latin American countries, at the same time noting its importance as a means for exchanging experiences and coordinating joint efforts.

23. They voiced their desire to cooperate in all efforts to promote and expedite the signing of agreements within the framework of the Common Knowledge Market,

designed to train human resources and scientific exchange in the various fields of interest for the region.

Finally, Calderon Fournier, on his own behalf and that of his retinue, thanked the people and government of the Oriental Republic of Uruguay for the expressions of friendship and warmth received during his visit, and also invited President Lacalle to pay a state visit to Costa Rica. The invitation was cordially accepted, and the day for it will be set through diplomatic channels.

Romanian President Arrives, Met by Lacalle, Officials

PY3007024493 Montevideo Radio El Espectador Network in Spanish 0000 GMT 30 Jul 93

[Text] The president of the Republic met the president of Romania, who was declared our country's official guest, at Carrasco International Airport this afternoon.

Ion Iliescu arrived shortly after 1900 from the city of Buenos Aires. He was met by Dr. Luis Alberto Lacalle and other high-ranking government officials.

The president of Romania will attend to a busy agenda, including visits to Congress, the Supreme Court of Justice, the Piriapolis beach resort, and Punta del Este.

Upon arriving in Carrasco's VIP hall, the visitor remarked on the excellent relations existing between the two countries and on their further enhancement.

For his part, Dr. Luis Alberto Lacalle briefly discussed the Romanian president's visit.

[Begin recording] This represents not only a visit from the ruler of a Latin and friendly country, but a visit from the representative of a community of countries. He is visiting our area as well, an area that will become a community soon. I hope therefore that this visit, which we are so glad to receive, will bear very special fruit. [end recording]

Venezuela

Caracas TV Reports Bomb Hurled at U.S. Embassy

PA3007004893 Caracas Venezolana de Television Network in Spanish 0011 GMT 30 Jul 93

[Text] The Judicial Technical Police [PTJ] has launched an investigation into possible ties between two explosions that occurred on the evening of 28 July and other terrorist actions that have occurred recently.

The information was supplied by PTJ Inspector Alexis Bolivar, who explained that one of the explosive devices was placed near the wall of a restaurant in Altamira. The explosion also damaged a gas station next to the restaurant.

[Begin recording] [Unidentified reporter] Did anyone claim responsibility?

[Bolivar] No one has claimed responsibility for the event, which occurred in the early morning hours. [end recording]

At the same time another explosion alarmed Caracas residents. This time the explosion was at the U.S. Embassy. A pipe bomb was hurled at the facilities from a moving vehicle. No damage or casualties were reported.

A Police report indicates that Assistant Inspector Jose Pernia Rosales announced the dismantlement of a band that had stolen more than 5 million bolivares from the Directorate of Parks and Gardens on 8 July. Five persons were arrested on that occasion, including the leader, PTJ Detective Alberto Herrera Freites, who has been dismissed from his post and turned over to a court.

[Begin Pernia recording] We believe PTJ members must be honest and dedicated rather than people who later change their behavior and resort to crime. [end recording]

Apparently the actions taken against bank robbers have begun to yield results. Inspector Alberto Morales announced that a man identified as El Indio had been killed in a shoot out with the PTJ. He was sought by authorities since 1991 in connection with bank robberies. His comrade jumped into La Mariposa dam and managed to escape near Corralitos.

* Senate Approves Umbrella Law With Changes

93SM0340B Caracas EL NACIONAL in Spanish 1 Jul 93 p D8

[Article by Alfredo Carquez Saavedra]

[Text] Yesterday, after seven long months, the 1993 Umbrella Law was approved in the Senate. It will now return to the Chamber of Deputies, which must study some changes made to it by the upper chamber.

In the Senate, the definitive legal instrument received constitutional priority, and hence was debated only once.

Both AD [Democratic Action] and Copei [Social Christian Party] gave their consent for the legal instrument, but the MAS [Movement Toward Socialism] dissented, arguing that an attempt is being made to cover the deficit with more debt.

The Umbrella Law, in Article 1, authorizes the National Executive Branch "during this fiscal year, to contract or underwrite public credit operations of both an internal and external nature, up to a sum of $3.449390 billion and an amount equivalent to 20.277 billion bolivares, allocated to finance programs and projects, the execution of which has been planned starting in 1993."

According to the aforementioned bill, the public credit operations to be contracted, as well as the real payments or disbursements authorized by this law to finance new or ongoing programs and projects, show the following institutional distribution:

Ministry of the Secretariat: The requirements submitted by this office amount to $1.19 billion in financial commitments to be underwritten; $139 million for new programs and projects, and $54 million for ongoing programs and projects.

Ministry of Finance: Insofar as this agency is concerned, the total funds amount to 1.4 billion bolivares for financial commitments to be underwritten; 1.4 billion bolivares to be disbursed for new programs and projects, and $3.16 million to modernize the Tax Administration.

Ministry of Foreign Affairs: To be granted to this office is $40 million for the Electronic Fingerprint System, an amount that would come under the heading of financial commitments to be underwritten, and would be financed by the suppliers themselves. Also included in this system is another $10 million for new programs and projects.

Ministry of Defense: Stipulated for financial commitments to be underwritten is a total of 8.978 billion bolivares: 2.5 billion for "welfare and social security for the National Armed Forces," and 6.478 billion for "military investment." Also included is another $704 million under this heading.

Moreover, the sum of 7.551 billion bolivares is stipulated for new projects: 2.29 billion for welfare and social security, and 5.261 billion for investments. There is an additional $500 million in this segment; whereas, for ongoing projects and programs, the sum of 718 million bolivares is specified for investments in infrastructure.

Ministry of Education: The total to be approved in this case is $270 million for financial commitments to be underwritten: $126 million is to be disbursed to reinforce the basic educational system, $90 million to improve the quality of the basic educational system, and $55 million for Carabobo University. There is an additional $5.14 million for ongoing programs, to be allocated to Zulia University.

Ministry of Agriculture and Livestock: Insofar as this agency is concerned, the total amount budgeted comes under the heading of ongoing programs and projects: 5.5 billion bolivares for the Pitsa, and $152.5 million covering other items, including the one cited.

MARNR [expansion not given]: It accumulates 3.144 billion bolivares and $232.9 million for financial commitments to be underwritten. Concurrently stipulated are 1.515 billion bolivares and $37.73 million for new programs and projects; and 4.93 billion bolivares and $146.6 million for ongoing programs and projects.

Ministry of Transport and Communications: It receives 1.327 billion bolivares (for the Caracas Metro) and $858.31 million for commitments to be underwritten; 727 million bolivares and $30 million for new programs and projects, and 3.24 billion bolivares and $157.58 million for ongoing programs and projects.

Ministry of Health and Social Welfare: This office would be granted $94 million for financial commitments to be underwritten; with $23.4 million for new projects, and $15.23 million for ongoing programs.

Ministry of Urban Development: It would receive 421 billion bolivares and $40 million for financial commitments; 926 million bolivares for new projects, and 2.625 billion bolivares for ongoing programs.

Council of the Judicature and Judicial Branch: They would be given 121.8 billion bolivares and $20.18 million for financial commitments, and 362 million bolivares and $6 million for new projects.

Ministry of Family: For this office, only $38.15 million is stipulated for a couple of programs that are already under way.

Proposals Refused

In the definitive document prepared by the Senate Chamber's Standing Committee, consideration was given only to the comments of a legal nature on the aforementioned law made by the Central Bank of Venezuela (BCV) and the Finance Ministry. The cuts proposed in the budget items a few days ago by Cordiplan [Office of Coordination and Planning] were not taken into account in any instance.

Among the changes made was the stipulation in Article 2 that the BCV will only have authority to express an opinion on the financial terms of the operations, and in no instance on the technical feasibility of the projects. The latter decision will be incumbent on Cordiplan.

On the other hand, in a second change (Article 5), it was made clear that the legal cash reserve may be reported only in currency that is legal tender. In this regard, the Executive Branch is authorized to execute issues and loans of Treasury Bills totaling up to 103.1113 billion bolivares.

* Official Explains Corruption Cases to Congress

93SM0340A Caracas EL UNIVERSAL in Spanish 23 Jun 93 p 12, Section 1

[Text] The FAN [National Armed Forces] Comptroller General, Division General Sergio Geronimo Salvatierra, revealed that previous Air Force commanders were also receiving in their personal accounts cash deposits intended for the FAV [Venezuelan Air Force]. He made this comment while explaining in Congress the details of the case involving the force's ex-commander, General Eutimio Fuguett Borregales.

When queried by the members of the Deputies Comptrollership Commission's Policy and Defense Sub-Commission, General Salvatierra discussed the Fuguett

Borregales case in depth. He also commented on the improper negotiations involving the AMX-30 tanks, the ammunition contract with Margold, and the communications system, known as the Turpial case.

He explained that the Armed Force's Comptrollership opened an investigation of General Andres Gutierrez Gutierrez, the FAV's logistics chief, at the order of the defense minister, (Air Force) Division General Ivan Dario Jimenez. That probe led them to the force's chief, General Fuguett Borregales.

The comptroller claimed that Fuguett Borregales had a personal savings account (in his own name) at the Mercantile Bank of Maracay, in Aragua State, in which he was receiving contributions from the contracting companies.

When the Comptroller's Office inquired and questioned him, General Fuguett Borregales reported that this account had been used by the previous FAV commanders as well, and that he had received it from the last one (Division General Luis Domingo Monserrat Perez).

In view of this disclosure, the subcommission members questioned the FAN comptroller on that specific point. He replied that he was unaware of the reasons that this account was in General Fuguett Borregales' name, claiming only to know that it had always existed, in the names of previous FAV commanders.

He admitted that there had been irregularities and flaws in the contracting, which prompted the Court Martial to open the respective investigation and to issue arrest warrants for Generals Fuguett and Gutierrez.

The court is also investigating Air Force Generals Jaime Padron Lossada and Julio Cesar Rodriguez Pimentel, and Lieutenant Colonels Gabriel Chacon Quintana and Oswaldo Cordova, for similar crimes. The latter appears to be the owner of a contracting firm.

The comptroller noted that administrative penalties had been imposed on engineers Omar Umana Suarez and Edwin Armando Fuguett, the latter a nephew of the general under arrest, as well as on the citizens Reinaldo Verdugo Cortes, Luis Jesus Mendoza, Carlos Haussman, Simon Antonio Suarez, Rodolfo Royet, and Giorgio Luciner.

He added: "Intervenca C.A., Zuninn Investments, Jungle Investments, Xeys Industry, and the citizens Luis Jesus Mendoza, Raul Montero, Maria Berin, Rafael Cardenas Cordova, and Jose Lebrin, as well as the Omaga construction firm, the Joe Company, and Two Thousand Productions, were excluded from the register of contracting firms."

The comptroller discussed the case involving the AMX-30 tanks, explaining that they are still being repowered by the same Van Dam Company. However, it had to furnish a bond of $11.844 million and 16 million bolivares. He mentioned the Turpial case (improvement in communications and the FAN), whose bond of $2.721 million will be cashed in favor of the FAN, so as to finally build the facilities at the 14 stations awaiting completion.

He stressed that, although they would not have any financial losses in the Turpial case, if the country had been faced with a threat, the damage would have been unpredictable. In conclusion, at the request of Congressmen Emilio Lopez (Copei [Social Christian Party]), chairman of the subcommission, and Orlando Fernandez, he discussed the case involving the ammunition contracted with Margold.

The comptroller said that, even if the bond had been cashed, it would not cover the losses, because the payments on the contract for the grenades had been made in advance.

Congressmen Lopez and Fernandez stressed that, in the cases of irregularities brought against the FAN, the illegal practice of making advance payments to the bid-winning companies had occurred. The comptroller pointed out that, during his administration, emphasis had been placed on disseminating the procedures to be followed regarding contracts.

Finally, the subcommission approved the opening of an investigation of the previous Air Force commanders' activities, because they apparently had been using the same strategy as General Fuguett Borregales: depositing FAV money in their personal accounts. It was this improper and illegal procedure that prompted their arrests at the Court Martial's order.

It was also agreed that the comptroller should submit in writing and in detail an account of all cases of corruption involving the FAN.

Deputy Emilio Lopez, the subcommission chairman, announced the decisions, indicating that they would question General Fuguett Borregales next week.

* Viasa Executive on Financial Status, Plans

93SM0340D Caracas EL UNIVERSAL in Spanish 22 Jun 93 p 1, Section 2

[Article by Mariela Leon]

[Text] Viasa [Venezuelan International Aviation, Inc.] is carrying out a strategic plan aimed at recovering and stabilizing the airline's internal finances over the medium term. To implement and supplement the plan requires an estimated capital replenishment of $63 million (agreed upon by the stockholders in January of this year), and fair treatment with respect to fuel payments and airport fees.

Owing to the National Executive Branch's delay in permitting the stock transfer from the Ministry of Transport and Communications [MTC] to the Venezuelan Investment Fund [FIV], so as to undertake the replacement, assigned to the Venezuelan state, of 40 percent of

the total, Viasa's board of directors has put off the payment of debts incurred and investments planned.

With the financial contributions from the Iberia Group, the Provincial Bank, and the FIV, this company was to start paying its debt to the Maiquetia international airport for airport fees, a debt totaling $400 million.

In this connection, Jose Campins, Viasa's executive vice president, remarked that drafts have been signed to achieve a financial solvency with the airport authorities. Nevertheless, he noted, the fees required are not commensurate with the activity carried out by the airline, because the charges have been categorized based on the international routes, without taking internal flights into account.

As for the fuel payment, Viasa has already claimed on other occasions that gasoline is cheaper in Miami than here, whereas the company should be given preferential treatment since it is a national airline.

Campins declared that the company's board of directors has received with gratification the FIV's proposal to pay part of Viasa's debts (fuel, billing, social benefits), instead of cashing the replaced capital directly. In addition to this injection of funds that will help to put the airline's finances on a sound basis, Campins indicated that, in 1993, it is expected to continue cutting the personnel by 350 workers. As a result of this, Viasa would attain the goal of reducing its personnel by 1,000 employees within a three-year period.

Viasa's executive vice president explained that some of the personnel working abroad would join the staff of Iberia or Argentine Airlines, as is occurring conversely in the Andean Pact nations, where the personnel have been transferred to Viasa's staff.

When asked about the labor debt owed by the company to its pilots, he indicated that a task force has already been formed to act as mediators dealing with that sector's demands, and to reach an agreement between the two sides.

He thought that the pilots' proposal to become joint administrators of the training center, as an option for reducing the numbers leaving the company, would be difficult, because he doubts that all of them would agree to this, given the personal interests of each individual.

Congressional Concern

Campins disclaims the Senate reports warning of Viasa's possible financial collapse, and the need for the Venezuelan state (through the FIV) to revise the purchase-sale contract signed on 9 September 1991, when the Venezuelan airline was privatized.

And he also disavows the final results of those congressional investigations. "I do not know what has prompted them. I imagine that it may be some concern on the part of senators for things to be done well in the country."

Viasa's financial crisis and the replenishment of funds were to be discussed yesterday in an economic cabinet meeting by Julian Villalba, president of the Venezuelan Investment Fund. Nevertheless, it was learned that, at the next Council of Ministers meeting, the government will authorize the MTC to transfer the stock shares in Viasa to the FIV, as the Office of the Prosecutor General of the Nation has recommended.

Campins announced that Viasa is carrying out a series of measures for its recovery. "All this action is included in the strategic plan. Its implementation will lead us to a strong recovery in 1994, requiring the commitment of the company's stockholders and unions." These measures are the following:

1. Fleet: simplification to two fleets: DC-10/B-727/17, replacing the A-300.

2. Crews: travel expenses, installation of the SBS Programming Mechanization system, and installation of the B-727 Simulator in Caracas.

3. Fuel management: negotiation of contracts.

4. Maintenance: cost reduction, completion of the Group Synergies Project, and reorganization of the area.

5. Onboard supplies: redesign of the onboard service, and restructuring of the area.

6. Central services: restructuring of the central services personnel; changes in the labor legislation (flight regulations); clearing house; plan to reduce supplies and purchases; reduction in general expenses and liquidation of nonoperational assets.

7. Systems and communications: completing implementation of the Synergies Project, and that of administration and management; and resizing the Computer and Communications Center.

8. Handling: airport fees, subcontracting of ramp handling, and reorganization of the ground operations area.

9. Freight: startup of the joint international freight company.

Summarizing Viasa's present situation, Campins stressed:

Viasa is still adjusting its costs, and reducing its personnel, to heighten their competitiveness and efficiency. At the same time, it is continuing to raise its billing volume.

Nevertheless, the company is still losing money, albeit in decreasing amounts, like virtually all the airlines in the world.

Viasa remains operative based on loans from two of its stockholders, Iberia and Provincial Bank. Since privatization, Iberia has disbursed $65 million (B-727 planes, besides those for which Viasa has not paid a single dollar to date); and the Provincial Bank, $18 million.

The improvement in results warrants a moderate optimism. The company is viable if it is given financial resources for replacing cumulative losses, clearing up its financial charges, and implementing its feasibility plan.

Numerical Tables: Production Parameters

	1991	1992	1993	93/92
Passengers (1000's)	637	767	859	12 percent
Freight (1000's of tons)	21.3	26	27	4.6percent
PKTS [expansion not given] (million)*	2,739.5	3,342.5	3,549.8	6.2percent
Occupancy coefficient (percent)	56.7	53.6	58.7	5.1 points
Flight hours (1000's)	26.6	33.7	36.2	7.5percent
Billing (US$ million)	282	322	363	13 percent

* (passengers x Km transported)

* Sercobe Grants $450 Million to Small Businesses

93SM0340E Caracas EL UNIVERSAL in Spanish 24 Jun 93 p 12, Section 2

[Text] After a search for alternate methods to resolve the crisis besetting small and medium-sized industries, Fedeindustria [Industrial Federation] gained access to Spanish financing, in the amount of $450 million, through the Spanish National Association of Capital Goods Manufacturers (Sercobe).

The announcement was made at a press conference by Angel Gutierrez, president of Fedeindustria, and Mauricio Waicman, Sercobe's representative in Venezuela. They expressed their gratification at the signing of this agreement to assist small and medium-sized Venezuelan business owners.

Gutierrez reported that this was the result of negotiations held directly with Spain, in which the only intermediary was Sercobe. Through them approval was obtained for financing on the part of the Economic Credit for Development Agency (OCDE) totaling $450 million, without any operational limit. Of this sum, the business owners will be able to benefit from 85 percent in the form of Spanish goods and services, plus 15 percent to finance local installation and assembly expenses.

The terms for access to the credit stipulate that the funds shall be channeled directly between Fedeindustria and Sercobe, and the interest rate governing this credit shall be the one in effect at the time that the operation is formalized (currently a fixed annual rate of 5.4 percent). The rate will be in effect for the entire life of the credit, calculated on unpaid balances, with a grace period of from five to 10 years, depending on the type of equipment and its price. This will be determined by the Spanish Export Credit Insurance Company.

Mauricio Waicman, for his part, explained Sercobe's full intention of responding to requests made by Venezuelan business owners concerning projects capable of being financed in Spain. At the same time, he added: "Spain has become convinced that small and medium-sized industry is the driving force of the economy."

The goods covered by the operation include those associated with electronics, construction, public works, mining, maintenance, tools, auxiliary equipment for industry, and various types of machinery for the food, rubber and plastic container, and packaging industries; as well as textile and agricultural machinery, hotel equipment, freight service, and planning for engineering, construction, and assembly companies.

Gutierrez remarked: "This credit is already operable, and all that is left for us to do is negotiate with the national banks, which have expressed an interest in participating. So, we expect to meet soon with the Banking Association, in order to invite its members to support us through this expedient venture."

Moreover, it was learned that the approval for the loans from the Development Assistance Fund (FAD), amounting to $1.2 billion, which are bogged down in Congress for lack of information, is still being awaited. These FAD loans have been successfully implemented in Central and South American countries, as a contribution to their development. Their terms are 30-year financing and a 10-year grace period, with 17.5 percent interest.

Angel Gutierrez concluded by stating that it would be a shame if those funds were lost, because some of them could be allocated not only to the small and medium-sized industrial sector, but also to the hospital area, which is so neglected at present.

* Foreign Investment Down 67 Percent in 1st Half

93SM0340C Caracas EL NACIONAL in Spanish 3 Jul 93 p D7

[Article by Adriana Cortes]

[Text] During June, the recorded foreign investment reached its highest figure thus far this year, totaling $41 million. Although this sum is positive compared with

those of the previous five months, it still should not be interpreted as a reflection of absolute confidence among foreign investors.

The amount attests to a 51 percent increase over the total for May, which was $19.73 million. However, we cannot "proclaim a victory" yet because, as the superintendent of foreign investments, Anselmo Chuecos, reported, the factors affecting this area are too variable. Hence, it would be too soon to claim that Venezuela will have a significant increase in this respect.

Nevertheless, he expressed the hope that it might be the first step this year toward keeping foreign investment high; but stressed that this still depends on many factors.

The amount accumulated thus far this year is $105 million, a sum 67 percent less than that attained during the same period last year, when it totaled $319 million. During June 1993 alone, the figure recorded (despite this year's increase) was 52 percent lower than that for the same month in 1992.

According to the statistics compiled by the Siex [Foreign Investments Authority], the amount of foreign investment recorded in June is associated mainly with the liquor subsector, because Santa Teresa Rum, Inc., had a non-Venezuelan capital injection of approximately $21 million. Moreover, United Distillers of Venezuela, Inc., received $10 million from Guinness Distillers Holdings.

The remaining amount is distributed among petrochemical products, real estate, and tourism, to mention only the priority sectors.

The first half of 1993 in general shows a depression compared with last year; and for most months, with the exception of March and May, the figures were lower than those recorded in 1992. In January of this year, the total was $2 million, compared with $122 million last year. During February, only $760,000 was achieved, versus $73 million in 1992. In March, however, there was a recovery, with $30 million, exceeding last year's $9.5 million. April showed a new low of $11.6 million, compared with $30 million; and, in May, the figure rose to $19.7 million, representing an increase over the $4.5 million in 1992.